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MANAGEMENT AGREEMENT

This Management Agreement ("Agreement") is made and entered into as of this 1st day of July, 2002, by and between MONROE PUBLIC SCHOOLS, a public school district ("District"), and SODEXHO MANAGEMENT, INC., a New York corporation ("Sodexho") who agree as follows:

ARTICLE I PURPOSE OF AGREEMENT

1.1 Purpose of Agreement. The Agreement sets forth the terms and conditions upon which District retains Sodexho to manage and operate Food Service for District's students, employees, visitors and guests at the Premises.

1.2 Independent Contractor. Sodexho shall be an independent contractor and shall retain control over its employees and agents. Nothing in this Agreement shall be deemed to create a partnership, agency, joint venture or landlord-tenant relationship.

1.3 Regulations and Access. District may supervise and control Sodexho's daily operation of the Food Service with respect to all matters (including working conditions for the Food Service employees and safety, sanitation, and maintenance of the Food Service facilities). District may make reasonable regulations with regard to all such matters, and shall give Sodexho written notice thereof. District's authorized representatives shall have access to the Premises at all times.

1.4 Confidentiality. The terms and conditions of this Agreement are confidential. Client and Sodexho represent and warrant to each other that each party shall maintain the confidentiality of the terms and conditions of this Agreement.

ARTICLE II DEFINITIONS

2.1 Accounting Period. A period of a calendar month, twelve (12) of which shall constitute an accounting year.

2.2 Charge. A fee established by Sodexho for goods or services provided by Sodexho.

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2.3 Deficit. The excess of the total of Opening Expenses, Operating Expenses and Management Fee over Net Sales.

2.4 Food Service. The preparation, service and sale of food, beverages (including milk), goods, merchandise and other items at the Premises including but not limited to vending service.

2.5 Food Service Program Deficit. The sum of Deficit plus Program Expenses.

2.6 Food Service Program Surplus. The difference of Surplus minus Program Expenses.

2.7 General Support Services Allowance. Allowance for Sodexho overhead for the following:

A. Supervision of Sodexho employees by executives not assigned to the Food Service operation, and

B. General support provided by Sodexho's accounting, tax and internal audit departments

2.8 Gross Hourly Wages. The total wages earned by an hourly employee (including overtime) without deducting taxes or any other items.

2.9 Gross Management Salary. The total compensation earned by a salaried employee including fringe benefits and payroll taxes.

2.10 Gross Salaries and Wages. The total of Gross Management Salary and Gross Hourly Wages.

2.11 Gross Sales. All sales of food, beverages, goods, merchandise and services in the Food Service operation, plus sales taxes and federal and state reimbursements.

2.12 Management Fee. The fee established in Section 7.3.

2.13 Meal Equivalents. The result of dividing the total of Net Sales exclusive of Pattern Meal sales (but inclusive of cash for adult meals, a la carte food and beverage sales, milk program reimbursements, snack bar, catering, vending, conferences, Head Start Program, In-kind meals, or any other functions or meal sales) by Two and 24/100 Dollars (\$2.24).

2.14 Net Sales. Gross Sales excluding sales and use taxes.

2.15 Non-Program Expenses. Certain expenses paid directly by District and not included in calculating Food Service Program Surplus or Deficit.

2.16 Opening Expenses. All costs, Charges and expenses relating to the opening of the Food Service operation including, but not limited to, pre-opening labor expenses, supervisory and training expenses including travel, meals, and lodging expenses, and Charges for finance and operating manuals, advertising, forms, opening promotions, opening office supplies, and interviewing and relocation expenses.

2.17 Operating Expenses. All costs, Charges and expenses incurred in connection with the Food Service operation including, but not limited to, the following:

A. The invoiced amounts to Sodexo of goods, including food, beverages, merchandise, and supplies. Operating Expenses shall be net of any rebates obtained from local vendors, suppliers, or distributors for goods procured solely for District's account. In any event, however, the total of the Invoiced amounts of such goods shall be competitive, on an aggregate basis, with prices at which such goods and services can be purchased in the geographic area of the Food Service operations and meet Procurement Regulations of the Michigan Department of Education and USDA;

B. Labor, including hourly and salaried (including bonuses, if any), wages, taxes, benefits, retirement plans and the cost of administering such plans and services; relocation expenses.

C. General Support Services Allowance equal to the greater of Five Cents (\$0.05) per Accounting Period per Pattern Meal and Meal Equivalent served, computed at the end of each Accounting Period and prorated for any partial Accounting Period;

D. Other costs, Charges and expenses, including, but not limited to, amortization or depreciation of equipment, any Investment (as further defined) made pursuant to the terms of this Agreement, decor, signage, and other items purchased on behalf of the Food Service, Charges for workers' compensation and general liability insurance based on the average manual rates for such insurance in the geographic area of the Premises and other Insurance maintained pursuant to the Agreement, out-of-pocket travel and related expenses for training of employees assigned to the Food Service operation, including the costs of an on-site trainer temporarily assigned to the Premises, sales, use, and other taxes related to the purchases made for Food Service (other than taxes collected and remitted by Sodexo to a taxing authority); and costs of licenses, permits, information systems, software and software maintenance, armored car services, fees charged to Sodexo for credit or debit card sales, marketing and promotional or proprietary materials, including CrossRoads Cuisines[®] signage and related materials, all costs, Charges and expenses associated with the installation and implementation of branded programs operated by Sodexo, research and development charges, uniforms and linen, flowers, decorations, overnight delivery, if necessary.

Smallwares, minor equipment, repair and maintenance of Sodexo supplied equipment, register shortages, and other services related to the Food Service operation.

2.18 Pattern Meal. A meal eligible for government reimbursement.

2.19 Premises. District's Food Service facilities that exist as of July 1, 2002.

2.20 Program Expenses. Certain expenses paid directly by District and included in calculating Food Service Program Surplus or Food Service Program Deficit as set forth in Section 7.8.

2.21 Smallwares. Dishware, glassware, flatware, utensils and similar items.

2.22 Surplus. The excess of Net Sales over the total of Opening Expenses, Operating Expenses and Management Fee.

ARTICLE III TERM AND EXCLUSIVITY

3.1 Term of Agreement. The term of the Agreement is one (1) year commencing on July 1, 2002 and continuing through June 30, 2002 ("Initial Term"), and is subject to renewal for four (4) additional one (1) year terms upon mutual agreement of the parties, unless terminated earlier as hereinafter provided.

3.2 Food Service Grant. District grants Sodexo the exclusive right to operate the National School Lunch Program from the Premises. Sodexo may provide catering services for the District if requested by the District, however, District is not required to utilize Sodexo as its catering vendor. Sodexo shall have the exclusive right to operate the vending service at the Premises, with the exception of District's current beverage vending contracts.

ARTICLE IV FOOD SERVICE PROGRAM

4.1 Services and Locations. Sodexo shall prepare meals for the schools described in Exhibit A. District and Sodexo may mutually agree upon other locations. District grants Sodexo and its affiliates the right to bid on the procurement of furnishings, fixtures and equipment and on the provision of design services related to the Premises on terms to be agreed upon.

4.2 Meal Program. Sodexo shall provide nutritional breakfasts (if applicable), lunches, milk service and a la carte items in accordance with the following terms and conditions:

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A. The invoiced amounts to Sodexo of goods, including food, beverages, merchandise, and supplies. Operating Expenses shall be net of any rebates obtained from local vendors, suppliers, or distributors for goods procured solely for District's account. In any event, however, the total of the invoiced amounts of such goods shall be competitive, on an aggregate basis, with prices at which such goods and services can be purchased in the geographic area of the Food Service operations and meet Procurement Regulations of the Michigan Department of Education and USDA;

B. Labor, including hourly and salaried (including bonuses, if any), wages, taxes, benefits, retirement plans and the cost of administering such plans and services; relocation expenses.

C. General Support Services Allowance equal to the greater of Five Cents (\$0.05) per Accounting Period per Pattern Meal and Meal Equivalent served, computed at the end of each Accounting Period and prorated for any partial Accounting Period;

D. Other costs, Charges and expenses, including, but not limited to, amortization or depreciation of equipment, any Investment (as further defined) made pursuant to the terms of this Agreement, decor, signage, and other items purchased on behalf of the Food Service, Charges for workers' compensation and general liability insurance based on the average manual rates for such insurance in the geographic area of the Premises and other insurance maintained pursuant to the Agreement, out-of-pocket travel and related expenses for training of employees assigned to the Food Service operation, including the costs of an on-site trainer temporarily assigned to the Premises, sales, use, and other taxes related to the purchases made for Food Service (other than taxes collected and remitted by Sodexo to a taxing authority); and costs of licenses, permits, information systems, software and software maintenance, armored car services, fees charged to Sodexo for credit or debit card sales, marketing and promotional or proprietary materials, including CrossRoads Cuisines® signage and related materials, all costs, Charges and expenses associated with the installation and implementation of branded programs operated by Sodexo, research and development charges, uniforms and linen, flowers, decorations, overnight delivery, if necessary.

Smallwares, minor equipment, repair and maintenance of Sodexo-supplied equipment, register shortages, and other services related to the Food Service operation.

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ARTICLE IV FOOD SERVICE PROGRAM

4.1 Services and Locations. Sodexo shall prepare meals for the schools described in Exhibit A. District and Sodexo may mutually agree upon other locations. District grants Sodexo and its affiliates the right to bid on the procurement of furnishings, fixtures and equipment and on the provision of design services related to the Premises on terms to be agreed upon.

4.2 Meal Program. Sodexo shall provide nutritional breakfasts (if applicable), lunches, milk service and a la carte items in accordance with the following terms and conditions:

A. Food shall be prepared in District's nutrition center and District's other Food Service facilities for service at the Premises.

B. Prices to be charged for meals during the 2002 - 2003 contract year shall be as mutually agreed upon by the parties.

C. Prices for a la carte items, faculty and staff meals, snack foods and beverages shall be as mutually agreed upon by the parties.

D. All free and reduced price Pattern Meals and all other Pattern Meals shall be administered by Sodexo on behalf of District. District shall be responsible for establishing and notifying parents and guardians of program criteria for providing free and reduced price meals for eligible students. It shall be the joint responsibility of District and Sodexo to protect the anonymity of children receiving free or reduced price meals and to establish methods for insuring such anonymity.

4.3 Special Diets. Sodexo shall supply any special diets for students required for medical reasons when prescribed and approved in writing by a medical doctor.

4.4 Branded Concepts. With respect to the operation of any Branded Concepts at Client's food service facility, the following shall apply.

A. Sodexo shall control all aspects of the Branded Concepts operations, including menus, recipes, pricing, staffing and hours of operation.

B. Representatives of the licensor of the Branded Concepts shall be allowed access to Client's facilities during reasonable business hours for quality assurance inspections of the Branded Concepts.

C. Sodexo shall notify Client twenty (20) days in advance of any termination or expiration of a license or franchise agreement related to a Branded Concept. Sodexo and Client shall mutually determine what operation, if any, will replace such Branded Concept. In any event, the Branded Concepts operation shall terminate upon termination or expiration of the Agreement.

D. Upon termination or expiration of the Agreement, Sodexo shall remove related equipment in accordance with the terms of the applicable license agreements.

E. Sodexo shall comply with District's beverage vending contracts.

4.5 Food Committee and Advisory Board. Sodexo shall have Food Committee meetings at dates and times agreed upon by Sodexo and Food Committee members. Sodexo shall cooperate with District in the establishment of an Advisory Board composed of parents, teachers, students and a Sodexo representative to assist in planning menus.

4.6 Catering. Sodexo shall provide catered Food Service if requested by the District. Such service shall be provided at times and prices mutually agreed upon by District and Sodexo at the time the service is requested.

4.7 Non-Food Service Functions. District reserves the right, if Sodexo first refuses to provide requested service, to use District's facilities to sell or dispense food and beverages before or after regularly scheduled lunch or breakfast periods, provided such use does not interfere with Food Service operations. District shall return the facilities and equipment to Sodexo in clean and orderly condition after each use.

ARTICLE V EMPLOYEES

5.1 Sodexo Management/Professional Employees Sodexo shall provide qualified management/professional employees to manage the Food Service operations and supervise all employees employed therein.

5.2 Sodexo's Nonmanagement Employees. All nonmanagement Food Service employees shall be employees of Sodexo. Sodexo managers shall direct and supervise employees assigned to Food Service operations.

5.3 Student Workers. District may assign students for work experience in Food Service operations in such numbers as are mutually agreed upon by District and Sodexo in furtherance of District's policy to provide work experience for students. Sodexo shall supervise such students with District's authorized representatives, as agent for District.

5.4 Personnel Obligations. Each party hereto shall be solely responsible for all personnel actions with respect to employees on its respective payroll. Each party shall withhold all applicable federal, state and local employment taxes and payroll insurance with respect to its employees, insurance premiums, contributions to benefit and deferred compensation plans, licensing fees and worker's compensation costs and shall file all required documents and forms. Each party shall indemnify, defend and hold the other harmless from and against any claims, liabilities and expenses related to or arising out of the indemnifying party's responsibilities set forth herein.

5.5 Agreement Not To Hire. District shall not, without Sodexho's written consent, hire, make any agreement with, or permit the employment in any operation providing Food Service, any person who has been a Sodexho management employee providing Food Service within one (1) year after said employee terminates employment with Sodexho or within one (1) year after termination of this Agreement. District agrees that Sodexho employees have acquired special knowledge, information, skills and contacts as a result of being employed with and trained by Sodexho. If District hires, makes any agreement with or permits employment of any such employee, in any operation providing food service within the restricted period, it is agreed by District that Sodexho shall suffer damages and District shall pay Sodexho as liquidated damages an amount equal to two (2) times the manager's annual Gross Management Salary. This sum has been determined to be reasonable by both parties after due consideration of all relevant circumstances. This provision shall survive termination of the Agreement.

5.6 Equal Opportunity and Affirmative Action Employer. Neither party shall discriminate because of race, color, religion, sex, age, national origin, disability, or status as a Vietnam veteran, as defined and prohibited by applicable law, in the recruitment, selection, training, utilization, promotion, termination, or other employment related activities concerning Food Service employees. In addition, Sodexho affirms that it is an equal opportunity and affirmative action employer and shall comply with all applicable federal, state and local laws and regulations including, but not limited to, Executive Order 11246 as amended by 11375 and 12086; 12138; 11625; 1175B; 12073; the Rehabilitation Act of 1973, as amended; the Vietnam Era Veterans Readjustment Assistance Act of 1975; Civil Rights Act of 1964; Equal Pay Act of 1963; Age Discrimination In Employment Act of 1967; Immigration Reform and Control Act of 1986; Public Law 95-507; the Americans With Disabilities Act; and any additions or amendments thereto.

ARTICLE VI INVENTORIES, FACILITIES, EQUIPMENT AND MAINTENANCE

6.1 Inventories of Food, Beverages, and Supplies. Prior to the commencement of operations under this Agreement, Sodexho and District shall jointly inventory all useable food and supplies ("Opening Inventory"). Such Opening Inventory will be purchased by Sodexho at the beginning of this Agreement. The Opening Inventory is Four Thousand Two Hundred Eighty Four Dollars and Fifty Five Cents (\$4,284.55) in food, and Four Thousand Four Hundred Ninety Seven Dollars and Sixty Three Cents (\$4,497.63) in supplies. Sodexho shall purchase and own inventories of food, beverages, goods, merchandise and supplies. The inventories, as they are used, shall be charged as Operating Expenses as provided in Section 2.17.A. Upon termination of this Agreement, an ending inventory shall be taken and District shall purchase from Sodexho any remaining useable inventories for amounts determined in accordance with the standard set forth in Section 2.17.A.

6.2 Inventories of Equipment and Smallwares. District shall furnish necessary Food Service equipment and Smallwares.

6.3 Office Facilities. District, at District's expense, shall provide to Sodexo, suitable office facilities, including furniture and equipment. Sodexo shall take reasonable and proper care of the office facilities and return them to District upon termination of the Agreement in good condition, ordinary wear and tear excepted.

6.4 Sanitation. Sodexo shall be responsible for usual and customary cleaning and sanitation of the Premises.

A. Sodexo shall be responsible for housekeeping and sanitation in food preparation, storage and serving areas and shall clean and sanitize dishes, pots, pans, utensils, equipment and similar items. Sodexo shall transport refuse to designated refuse collection areas.

B. District shall be responsible for cleaning and sanitation of dining area floors and all walls, ceilings, ceiling fixtures, air ducts, hood vent systems (as per local ordinance) all windows and restrooms, shall provide and maintain adequate fire extinguishing equipment for the Premises, shall provide necessary pest control, and shall be responsible for removal of refuse from refuse collection areas.

6.5 Maintenance. District shall, at District's expense, provide maintenance personnel and outside maintenance services, parts and supplies required to properly maintain the Premises and equipment, except to the extent Sodexo is required to provide maintenance hereunder.

6.6 Condition of Premises and Equipment. The Premises and equipment provided by District for use in the Food Service operation shall be in good condition and maintained by District to ensure compliance with applicable laws concerning building conditions, sanitation, safety and health (including, without limitation, OSHA regulations). District agrees to indemnify Sodexo against any liability or assessment, including related interest and penalties, arising from District's breach of the aforementioned obligations, and District shall pay reasonable collection expenses, attorneys' fees and court costs incurred in connection with the enforcement of such indemnity. District further agrees that any modifications or alterations to the workplace or the Premises (whether structural or non-structural) necessary to comply with any statute or governmental regulation shall be the responsibility of District and shall be at the District's expense. This provision shall survive the termination of this Agreement.

6.7 Transportation Equipment and Vehicle. District shall provide any vehicles and equipment required for transportation of lunches

6.8 Telephone Expenses. District shall be responsible for telephone installation costs and telephone billings.

ARTICLE VII
PAYMENT TERMS AND FINANCIAL ASSUMPTIONS

7.1 **Invoice Due Date and Interest.** Sodexho shall invoice District at the end of each month for amounts due based on on-site records. At the conclusion of each Accounting Period, reconciliation shall be made for any over payment or under payment during the Accounting Period. Invoiced amounts shall be paid within fifteen (15) days after the Invoice date. District shall pay interest on all amounts not paid when due at the lesser of one and one-half percent (1.5%) per month or the highest contractual interest rate allowed by applicable state law at the time the receivable becomes due. Upon termination of the Agreement, all outstanding amounts shall immediately become due and payable.

7.2 **Management Fee.** Gross Sales shall be remitted to District or deposited in District's account on a daily basis. Sodexho shall invoice District each Accounting Period for Operating Expenses.

District shall pay Sodexho a management fee equal to \$0.029 for each Pattern Meal and Meal Equivalent served for the 2002 - 2003 contract year. The management fee shall be calculated at the end of each Accounting Period and prorated for any partial Accounting Period.

7.3 **Opening Expenses.** District shall pay Opening Expenses as defined in Section 2.16. Opening Expenses shall be invoiced to District during the first year of operation. Upon termination of the Agreement, District shall reimburse Sodexho, on the termination date, for any unpaid portion of Opening Expenses.

7.4 **Statements and Records.** Sodexho shall submit operating statements to District each Accounting Period and maintain records that District needs to support its claims for any reimbursement. The operating statements submitted by Sodexho may reflect certain internal charges and allocations which are applied on a consistent basis to Sodexho accounts. District, at District's expense, shall have the right to audit all operating statements. All books and records relating to the Food Service shall be made available as required by state and Federal regulations for inspection and audit by either District, or state or Federal auditors.

7.5 **District Obligations.** District, at its expense, shall provide at the Premises: electricity, gas, water and other utilities, ventilation, security service, telephone service, janitorial supplies, replacement china, new equipment, painting, decorating, fire and extended coverage insurance and real and personal property taxes on all District's property. The above are Non-Program Expenses.

7.6 Assumptions. Financial terms of the Agreement are based upon existing conditions and the following assumptions. If there is a change in conditions, including, without limitation, changes to the following assumptions, the financial terms of the Agreement, shall be adjusted to compensate for such change.

- Changes in District's policies, practices, and service requirements shall result in an appropriate adjustment.

- Average daily attendance ("ada") for the contract year beginning July 1, 2002, shall not be less than ninety two and one-half percent (92.5%) of the 2001-2002 average enrollment.

- Legislation, regulations and reimbursement rates that create changes in the school lunch program shall remain consistent throughout the year.

-- Usable commodities, of adequate quality and variety required for Sodexo's proposed menu cycle, valued at \$.15 per Pattern Lunch for the 2002 - 2003 contract year.

- The government reimbursement rates in effect as of July 1, 2002 shall remain consistent throughout the year.

-- Changes to meal components and quantities required by the National School Lunch Act or the National School Lunch Program.

-- There shall be no competitive sales during the lunch period.

-- Service hours, service requirements type or number of facilities selling food and/or beverages on District's Premises shall remain consistent throughout the year.

-- Milk vendor prices shall remain constant throughout the year.

- The state or federal minimum wage rate and taxes in effect as of July 1, 2002, shall not be less than consistent throughout the year.

The projected number of full feeding days shall not be less than:

Lunch	(177) days
Breakfast	(175) days

-- District revenue credited to the Food Service Program, shall be at minimum:

Interest	\$ 10,000.00
State Subsidy for _____	\$ 80,000.00

7.7 Program Expenses. District costs charged to the Food Service Program for the below, shall not exceed the amount specified in District's Request for Proposal dated March 21, 2002:

District labor
District Indirect costs
District Maintenance and Repair
Monitors
District Depreciation

7.8 Right of Offset or Pre-Bill. At any time when District is over thirty (30) days past due on any obligations to Sodexo, Sodexo shall have the right to offset from any Surplus from the Food Service operation, or from any other sums owed by Sodexo to District, all or any portion of such outstanding receivables.

Additionally, Sodexo shall have the right, at any time when District is over thirty (30) days past due on any obligations to Sodexo, at Sodexo's option, to require that District pay on a pre-billing basis at least one (1) week in advance of each Accounting Period for the estimated amount due Sodexo for that Accounting Period. The estimated amount shall be adjusted and reconciled to the actual amount in the next pre-billing invoice or, if District is no longer past due on its obligations to Sodexo, with the next invoice due under Section 7.1 above.

ARTICLE VIII FINANCIAL ADJUSTMENTS

8.1 Inflation Adjustments. The Management Fee and General Support Services Allowance shall be adjusted annually by a percentage equal to the percentage increase in the Consumer Price Index ("CPI") National Average averaged for the immediately previous year.

8.2 Work Stoppage or Strikes. In the event of a work stoppage or strike which interferes with the Food Service operation, upon request, Sodexo shall take all reasonable steps to continue to provide service during the work stoppage or strike. District shall reimburse Sodexo for all Operating Expenses during such work stoppage or strike, including an allowance for its General Support Services Allowance equal to Five Cents (\$0.05) per Pattern Meal and Meal Equivalent, plus a Management Fee equal to (\$0.029) per Pattern Meal and Meal Equivalent. The foregoing arrangements shall be in lieu of the terms set forth in Section 2.17.C. and Section 7.2, respectively herein for the duration of the work stoppage or strike.

ARTICLE IX
GENERAL TERMS AND CONDITIONS

9.1 Taxes. District shall be responsible for collection and remittance of taxes assessed on the Food Service operation excluding Sodexho's employee taxes and Sodexho's city, state or federal income taxes. District shall indemnify Sodexho against any liability or assessment, including related interest and penalties, arising from such tax assessment and shall pay reasonable expenses, attorneys' fees and court costs incurred in enforcement of the indemnity. This provision shall survive termination of the Agreement.

9.2 Compliance with Law. Sodexho shall comply with all applicable laws, ordinances, rules and regulations relating to Food Service sanitation, safety and health including the following:

A. National School Lunch Program (in particular Title 7, Code of Federal Regulations, Section 210, 245, et seq.), the Child Nutrition Act, as amended (7 CFR Part 220), Section 103 of the Federal Contract Work Hours and Safety Standards Act (addressing overtime and compensation), the Clean Air Act (42 USCA Section 7401), the Clean Water Act (33 USCA Section 1251), Executive Order 11738, and Environmental Protection Agency (EPA) regulations (40 CFR Part 15).

B. Sodexho shall recognize mandatory standards and policies relating to energy efficiency and shall comply with the Energy Conservation Policy and Conservation Act (P.L. 94-163).

C. Violations shall be reported to the U.S. Department of Agriculture, Food and Nutrition Services, and the EPA. Sodexho shall not knowingly utilize a facility listed on the EPA List of Violating Facilities.

D. District shall procure and maintain all necessary licenses and permits. Sodexho shall cooperate as necessary with District's compliance and procurement efforts.

9.3 National School Lunch Program. To assist District's participation in the National School Lunch Program (NSLP):

A. District shall make no payment for meals that are spoiled or unwholesome at time of delivery, or for food that does not meet NSLP requirements or detailed food component specifications as developed by District.

B. Sodexho shall maintain on site records needed by District to support District's claim, and Sodexho shall provide reports to District at the end of each month.

C. Sodexo shall make available, for a period of five (5) years from the date of receipt of final payment under this Agreement, the books and records pertaining to the Food Service operation. These records are subject to inspection or audit by representatives of the State Agency and the United States General Accounting Office at any reasonable time or place. If audit findings require further investigation, the records shall be maintained by Sodexo beyond the five (5) year period. The cost of such audits shall be borne by District.

D. The 21-day cycle menu submitted with the request for proposal shall be used in the first 21 days of Food Service operations. Changes to the initial 21-day cycle menu and changes thereafter may be made with approval of District.

E. If food is prepared or served in a facility not located on District's premises, Sodexo shall maintain state and local health certification for the facility during the term of the Agreement.

F. District shall monitor the Food Service operations through periodic on-site visits to ensure that the program is being operated in accordance with all state and federal requirements.

G. District shall retain control of the quality, extent, general nature and prices charged in Food Service operations.

H. District shall retain signature authority on the agreement(s), free and reduced price policy statement and claims for reimbursement. District shall be responsible for determining eligibility for free and reduced price meals, and for verifying information on claims for reimbursement.

I. District shall ensure that the food service operation is in conformance with the District's agreement under the National School Breakfast and/or Lunch Program.

J. District shall retain control of the nonprofit school food service account and overall financial responsibility for the nonprofit food service operation.

K. District shall retain control for the establishment of all prices, including price adjustments, for meals served under the nonprofit school food service account, e.g., pricing for reimbursable meals, a la carte service including vending machines, and adult meals.

L. District shall retain title to USDA donated foods.

M. District shall ensure that all USDA donated foods made available to the FSMC, including processed USDA donated foods, accrue only to the benefit of the SFA's nonprofit school food service and are fully utilized therein. All rebates received from processors of donated foods must be retained by the SFA.

N. District shall provide detailed specifications for each food component or menu item as specified in 7 CFR Part 210.

O. District shall maintain all applicable health certifications and assure that all State and local regulations are being met in the preparation and service of meals at a SFA facility.

P. The District's Request For Proposal dated March 22, 2002 shall supersede this Agreement. This Agreement shall be the second document of record.

9.4 Insurance. The parties shall maintain insurance as follows:

A. Workers' Compensation Insurance. Each party shall maintain workers' compensation coverage as required by state law covering all of its employees employed in connection with the Food Service operations.

B. Comprehensive or Commercial Insurance. Sodexo shall maintain during the term of the Agreement, for protection of District and Sodexo, Comprehensive or Commercial General Bodily Injury and Property Damage Liability Insurance with a Combined Single Limit of not less than Five Million Dollars (\$5,000,000.00) for each occurrence, including, but not limited to, Personal Injury Liability, Blanket Contractual Liability and Products Liability, covering only the operations and activities of Sodexo under the Agreement and, upon request, shall provide District with a certificate evidencing such policies. The insurance policies shall contain covenants by the issuing company that the policies shall not be canceled without thirty (30) days' prior written notice of cancellation. District shall be named as an additional insured under Sodexo's policies of insurance to the extent District is indemnified pursuant to Section 9.6.

C. Property Insurance. District shall maintain a system of coverage (either through purchased insurance, self insurance, or a combination thereof) to keep District's buildings, including the Premises, and all property contained therein insured against loss or damage by fire, explosion or other cause normally covered by standard broad form property insurance.

9.5 Liability for Non-Sodexo Approved Vendors. District understands that Sodexo has entered into agreements with many vendors and suppliers of products which (i) give Sodexo the right to inspect such vendors' and suppliers' plants and/or storage facilities and (ii) require such vendors and suppliers to adhere to standards to ensure the quality of the products purchased by Sodexo for or on behalf of District. District may, however, direct Sodexo to purchase products from non-Sodexo approved vendors. In such instances, for the mutual protection of District and Sodexo, District will require each such vendor to obtain from a reputable insurance company acceptable to District and Sodexo liability insurance (including products liability coverage) and contractual liability insurance in the amount of not less than Five Million

Dollars (\$5,000,000.00) for each occurrence naming District and Sodexo as additional insureds and which insurance shall not exclude the negligence of District or Sodexo. A certificate evidencing such insurance shall be provided to District and Sodexo upon the request of either party. District shall also require each such vendor to sign an indemnity certificate (acceptable to District and Sodexo) in which such vendor shall agree to defend, indemnify, and hold harmless District and Sodexo from and against all claims, liabilities, losses and expenses, including reasonable costs, collection expenses, and attorneys' fees which may arise as a result of using such vendor's product, except when such liability arises as a result of the sole negligence of Sodexo and/or District. District shall not require Sodexo to use products from non-Sodexo approved vendors until such insurance certificates and indemnity certificate has been provided.

9.6 Mutual Indemnity. Except as otherwise expressly provided in this Agreement, Sodexo and District shall defend, indemnify and hold each other harmless from and against all claims, liability, loss and expense, including reasonable collection expenses, attorneys' fees and court costs which may arise because of the sole negligence, misconduct, or other fault of the indemnifying party, its agents or employees in the performance of its obligations under this Agreement. Notwithstanding the foregoing, with respect to property damage, for which the parties maintain a system of coverage on their respective property, each party hereto waives its rights, and the rights of its subsidiaries and affiliates, to recover from the other party hereto and its subsidiaries and affiliates for loss or damage to such party's building, equipment, improvements and other property of every kind and description resulting from fire, explosion or other cause normally covered in standard broad form property insurance policies. This clause shall survive termination of the Agreement.

9.7 Trade Secrets and Proprietary Information. During the term of the Agreement, Sodexo may grant to District a nonexclusive right to access certain proprietary materials of Sodexo, including menus, recipes, signage proprietary to Sodexo, Food Service surveys and studies, financial statements, management guidelines and procedures, operating manuals, software (both owned by and licensed to Sodexo), computerized data bases and similar compilations and documents regularly used in Sodexo's business operations ("Trade Secrets"). District shall not disclose any of Sodexo's Trade Secrets or other proprietary information, directly or indirectly, during or after the term of the Agreement. District shall not photocopy or otherwise duplicate any such material without the prior written consent of Sodexo. All Trade Secrets and other proprietary information shall remain the exclusive property of Sodexo and shall be returned to Sodexo immediately upon termination of the Agreement. Without limiting the foregoing, District specifically agrees that all software associated with the operation of the Food Service, including without limitation, menu systems, food production systems, accounting systems, and other software, are owned by or licensed to Sodexo and not District. Furthermore, District's access or use of such software shall not create any right, title interest, or copyright in such software, and District shall not retain such software beyond the termination of the Agreement.

9.8 Assignment. The Agreement may not be assigned by either party without the written consent of the other party, except that Sodexho may, without prior approval and without being released from any of its responsibilities hereunder, assign this Agreement to any affiliate or wholly-owned subsidiary of Sodexho.

9.9 Notice. Any notice or communication required or permitted to be given hereunder shall be in writing and shall be either served personally or sent by United States registered or certified mail, postage prepaid with return receipt requested, addressed to the other party as follows:

To District: Monroe Public Schools
Attention: Superintendent
1275 North Macomb Street
Monroe, Michigan 48162

To Sodexho: Sodexho Management, Inc.
Attention: Jack Douda
Senior Vice President
3020 Woodcreek Drive, Suite B
Downers Grove, Illinois 60515

and: Sodexho Management, Inc.
Attention: Law Department
9801 Washingtonian Blvd., Dept. 51/899.74
Gaithersburg, Maryland 20878

and/or to such other persons or places as either of the parties may hereafter designate in writing. All such notices shall be effective when received.

9.10 Catastrophe. Neither Sodexho nor District shall be liable for the failure to perform its respective obligations hereunder when such failure is caused by fire, explosion, water, act of God, civil disorder or disturbances, strikes, vandalism, war, riot, sabotage, weather and energy-related closings, governmental rules or regulations, or like causes beyond the reasonable control of such party, or for real or personal property destroyed or damaged due to such causes.

9.11 Termination for Cause. If either party breaches a material provision hereof or of any other agreement between the parties ("Cause"), the non-breaching party shall give the other party notice of such Cause. If the Cause is remedied within ten (10) days in the case of failure to make payment when due or sixty (60) days in the case of any other Cause, the notice shall be null and void. If such Cause is not remedied within the specified period, the party giving notice shall have the right to terminate the Agreement upon expiration of such remedy period. The rights of termination referred to herein are not intended to be exclusive and are in addition to any other rights available to either party at law or in equity. In addition to the remedy period above, if Sodexho breaches a material provision hereof and fails to cure such breach

within sixty (60) days after receiving written notice of such breach the District may elect to pursue any available legal, contractual or administrative remedy or the following sanctions: (i) for a first violation, a written reprimand; (ii) for a second violation, a \$25.00 penalty; (iii) for a third violation, a \$50.00 penalty. For the purposes of the foregoing, a single violation means an event of the same or similar kind, without regard for the duration or number of personnel, equipment, students or meals involved.

9.12 Termination Without Cause. Either party may terminate the Agreement at any time upon sixty (60) days' prior written notice to the other of the intention to terminate the Agreement.

9.13 Miscellaneous. If any term or provision of the Agreement or the application thereof to any person or circumstance shall, to any extent or for any reason be invalid or unenforceable, the remainder of the Agreement and the application of such term or provision to any person or circumstance other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each remaining term and provision of the Agreement shall be valid and enforceable to the fullest extent permitted by law.

A waiver of any failure to perform under the Agreement shall neither be construed as nor constitute a waiver of any subsequent failure. The article and section headings used herein are used solely for convenience and shall not be deemed to limit the subject of the articles and sections or be considered in their interpretation. Any exhibits referred to herein are made a part of the Agreement by reference, provided that in the event of a conflict between the terms of such exhibit or any other document incorporated herein, and the terms of this Agreement, the terms of the Agreement shall govern. The Agreement may be executed in several counterparts, each of which shall be deemed an original.

This Agreement and its attachments and other documents specifically incorporated by reference herein contains the entire understanding and agreement of the parties concerning the matters contained herein, and supersedes and replaces any prior or contemporaneous oral or written contracts or communications concerning the matters contained herein. All provisions of the Agreement shall remain in effect throughout the term thereof unless the parties agree, in a written document signed by

both parties, to amend, add or delete any provision. The Agreement may not be changed other than by an agreement in writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have entered into the Agreement as of the date indicated in the first paragraph or the first day of the Initial Term, whichever is sooner.

MONROE PUBLIC SCHOOLS

By: *Richard A. Montcalm*
Name (printed): RICHARD A. MONTCALM
Title: ASSISTANT SUPERINTENDENT

SODEXHO MANAGEMENT, INC.

By: *Jack Douda*
Jack Douda
Senior Vice President