

## Quest

### AGREEMENT

This AGREEMENT entered into this day of June 9, 2014 between Orland School District 135, with offices at 15100 94th Avenue, Orland Park, IL 60462 (hereinafter "District") and Quest Food Management Services, Inc. (hereinafter "Quest"), a Food Service Corporation with its principal office located at 2500 S. Highland Suite 250, Lombard, IL 60148.

### WITNESSETH

WHEREAS, the District seeks to employ a qualified and experienced Food Service Management Company to manage operation of the District's Food Service Facilities; and

WHEREAS, the District intends to enter into a written Contract with Quest incorporating the terms and conditions set forth in the School's Bid Specifications and Quest's proposal.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the District and Quest agree as follows:

1. **Scope of Agreement**

- A. The food service provided shall be operated and maintained as a benefit to the District's students, faculty, and staff.
- B. Quest shall provide the type of food service at sites as specified on Exhibit D in the District's Invitation to Bid for approximately 170 annual serving days during each Term of the Contract.
- C. Quest shall prepare the bulk lunches and a la carte food items to be distributed at Community Consolidated School District 146, in accordance with the *Agreement Between Orland School District 135 and Community Consolidated School District 146*. The bulk lunches and a la carte food items shall comply with the *USDA Nutritional Standards in the National School Lunch and School Breakfast Programs* and the *USDA Nutritional Standards For All Foods Sold In Schools, as applicable*.
- D. The District may at any time during the Term of the Contract add or remove sites and/or meal periods for programs covered by this contract unless the addition or removal of sites and/or meal periods creates a material or substantive Contract change.
- E. The District reserves the right to maintain, add, and/or remove present food and beverage vending machines in its facilities.
- F. The District employs Quest as an exclusive agent for the District, to manage the Food Service, Vending and Concession Services Programs, which the District operates on school days when students are in regular attendance, for the benefit of its students, staff

and administration and Quest hereby accepts such engagement. Quest shall be an independent contractor and not an employee of the District. The employees of Quest shall be considered solely employees of Quest and shall not be considered employees or agents of the District in any fashion.

- G. Quest shall conduct the food service to ensure compliance with the rules and regulations of the Illinois State Board of Education and the United States Department of Agriculture (USDA), regarding Child Nutrition Programs.

2. **The District's Responsibilities**

- A. The District may supervise and control Quest's daily operation of the District's food services to monitor compliance with Quest's obligations this Agreement. The District may make reasonable rules and regulations governing food service operations and Quest shall comply with any such regulations promptly upon the District's prior notice. The District shall have the right to inspect the food service facilities at any time without prior notice to Quest.
- B. The District shall be legally and financially responsible for the conduct of the food service and shall supervise the food service to ensure compliance with the rules and regulations of the Illinois State Board of Education and the United States Department of Agriculture, regarding its participation in the Child Nutrition Programs, as applicable.
- C. The District shall ensure the food service is in conformance with the *Policy Statement for Free Meals, Free Milk, and Reduced-Price Meals*.
- D. The District shall retain control of the quality, extent, and general nature of its food service and the prices to be charged for meals, milk, a la carte items, adult meals, and vending machine items, as applicable.
- E. The District shall monitor the food service through periodic on-site reviews to include the inspection of meals, food preparation, storage and service areas, sanitation practices, and procedures for accurately counting and claiming meals provided that nothing in this paragraph shall be construed as to relieve Quest of its independent obligation to provide proper oversight and supervision of its operations or to otherwise comply with State and Federal rules and/or regulations.
- F. The District shall approve the menus and recipes for meals and other food to be served or sold to students to ensure compliance with the rules and regulations of the Illinois State Board of Education and the United States Department of Agriculture.
- G. The District shall inform Quest of any adjustments to menus and monitor implementation of adjustments.
- H. The District shall approve all a la carte items and the prices charged for those items in advance of sale by Quest.

- I. The District shall retain signatory authority on the Illinois State Board of Education *Annual School Application for Participation in Child Nutrition, Illinois Free Breakfast and Lunch, and Food Distribution Programs*; the *Policy Statement for Free Meals, Free Milk, and Reduced-Price Meals*; the *Permanent Agreement*; and the *Child Nutrition Program Monthly Claim for Reimbursement* as applicable..
- J. The District shall establish internal controls, which ensure the accuracy of milk counts and claim documentation prior to the submission of each *Monthly Claim for Reimbursement*.
- K. The District shall maintain and post, in a publicly visible location, all reports on the most recent food safety inspection, and provide a copy of the food safety inspection reports to a member of the public upon request.
- L. The District shall assure all state and local regulations are met by Quest preparing or serving meals at the District's facilities.
- M. The District shall be responsible for receiving medical statements regarding students' disabilities/special dietary needs and shall ensure Quest's complies with all special dietary accommodation requirements. Substitutions are made on a case-by-case basis and must be supported by a statement of the need for substitutes that includes the recommended alternate foods, unless otherwise exempted by the Food and Nutrition Service, USDA. In the case of a student with disabilities, the statement must be signed by a medical doctor. For students without disabilities, the statement must be signed by a recognized medical authority.
- N. The District shall distribute and collect the letter and household applications for free and reduced-price meals or milk and determine eligibility of students for meal benefits.
- O. The District shall verify applications for free and reduced-price meals and conduct any appeals or hearings for eligibility determinations.
- P. The District shall be responsible for resolution of program reviews and audit findings.

3. **Quest's Responsibilities**

- A. Quest shall provide its services hereunder at all times in accordance with generally accepted standards of care and best practices in the industry.
- B. Quest shall serve, on such days and at such times as requested by the District:
  - a. Lunches, priced as a unit, which meet USDA nutritional regulations
  - b. Milk, served to all children pursuant to the Special Milk Program
  - c. Other foods as agreed upon by Quest and the District, pursuant to applicable regulatory requirements.

- C. Quest shall serve free, reduced-price, and paid meals and/or free milk to those children designated by the District.
- D. Quest shall implement the collection procedures as specified by the District and approved by the Illinois State Board of Education.
- E. Quest shall implement the *Offer versus Serve* provision at the food service sites specified by the District.
- F. Quest shall adhere to and assist in the implementation, enforcement, and evaluation of all nutrition-related requirements in the District's Local Wellness Policy. Quest shall remain informed of increasing industry standards and assist the District in modifying its Local Wellness Policy to reflect the highest current nutrition-related standards.
- G. Quest shall use the District's facilities for preparation of food to be served.
- H. Quest is required to substitute food components of the meal pattern for students with disabilities in accordance with 7 C.F.R. § 15b when the disability restricts their diet and is permitted to make substitutions for students without disabilities when they are unable to eat regular meals because of a medical or special dietary need.
- I. Quest shall deposit daily all monies in the District's Education Fund.
- J. Quest shall comply with all local and state sanitation requirements.
- K. It will be the joint responsibility of the District and Quest to protect the anonymity of all children receiving free or reduced-price meals, and methods for ensuring anonymity shall be jointly agreed upon; provided that nothing in this paragraph shall be construed to relieve Quest of its independent obligation to protect the anonymity of all children receiving free or reduced-price meals and to provide the required quality and extent of goods and services hereunder.
- L. At the District's discretion, the District may conduct performance reviews of the Quest's performance under the Contract. Any services performed under this Contract shall be subject to a performance review. Quest shall cooperate with the District in these reviews, which may require Quest to provide records of its performance. Performance reviews may be used by the District to determine whether to enter into future contractual relationships with Quest, including subsequent Contract renewal Terms, as applicable. Performance reviews may include, but are not limited to:
  - Completion and performance of contractual services rendered;
  - Adherence to the meal pattern and food specification requirements, including quality and variety;

- Performance on the District On-Site Reviews and status of required corrective action, if any;
- Performance on State and/or Federal reviews and status of required corrective action, if any;
- Participation trends, including program participation compared to a la carte sales;
- Responsiveness of local staff and management to the District's needs, including the Advisory Board and Local Wellness Committee, as applicable; and
- Responsiveness of regional management to the District and local staff/management.

4. **Management and Personnel**

- A. Quest shall provide qualified management and hourly personnel to provide the services necessary to properly fulfill its obligations under this Agreement.
- B. Neither party shall discriminate because of race, color, national origin, age, disability, sex, gender, sexual orientation, religion, citizen status, marital status, or military status, in the recruitment, selection, training, utilization, promotion, termination, or other employment related activities concerning Food Service Program employees.
- C. Quest 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; 11758; 12073; Section 504 of the Rehabilitation Act of 1973, as amended; the Vietnam Era Veterans Readjustment Assistance Act of 1975; Title VI of the 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.
- D. Quest agrees to comply with all applicable health regulations promulgated by Federal, State, County and City Governments and to procure for the District's Food Service Program all necessary licenses and permits, which may be required.
- E. Quest shall comply with all wage and hours of employment regulations of federal and state law.
- F. Quest shall pay all Quest employees in accordance with the Fair Labor Standards Act and any other applicable statutes.
- G. Quest shall be responsible for the employment of all staff necessary for the safe, timely, and efficient distribution of meals to students and members of the District staff.
- H. Quest shall instruct its employees to abide by the policies, rules, and regulations, with respect to use of District premises, as established by the District and furnished in writing to Quest.

- I. Quest shall provide the District with a list of its personnel policies and employee handbook.
- J. Quest shall ensure, at its own expense, required fingerprint-based criminal history records checks are conducted on all Quest employees assigned to the District and results are provided to the District per *The School Code of Illinois*, 105 ILCS 5/10-21.9. Furthermore, Quest is not permitted to employ on the premises of the District any employee who has been convicted of an offense as described in 105 ILCS 5/21–23a.
- K. For each Quest employee, Quest shall perform periodic checks of the Statewide Sex Offender Database, as authorized by the Sex Offender Community Notification Law (730 ILCS § 152/101 *et seq.*), and the Statewide Child Murderer and Violent Offender Against Youth Database, as authorized by the Child Murderer and Violent Offender Against Youth Community Notification Law (730 ILCS § 154/75–105). All results must be provided to the District.
- L. Quest shall maintain the same minimum level of employee positions, hours, wages, and benefits throughout the entire Contract Term, and each subsequent Contract Term, as applicable, unless a reduction in the required levels is authorized by the District. Quest shall provide the District with written notice of any increases in employee positions, hours, wages, and benefits.
- M. In the event a reduction in employee positions, hours, wages, and/or benefits occurs and such reduction is authorized by the District, Quest shall credit the District’s monthly bill/invoice for the exact dollar amount related to the cost of the labor reduction as for the remainder of the Contract Term and all subsequent Contract Terms, as applicable, including the value of any subsequent and future increases in employee wages and benefits. Such credits shall be termed a Labor Reduction Fee.
- N. Quest shall ensure that all individuals performing services on Quest’s behalf in or for schools shall be free from communicable diseases, including tuberculosis, and administered a tuberculosis screening test if they have a documented positive tuberculosis screening test result or otherwise meet the requirements for tuberculosis screening as set forth in the Illinois Department of Public Health’s rules (77 Ill. Adm. Code 696.140), prior to performing any such services in or for schools, and shall ensure that all such individuals comply with all requirements established by the Illinois Department of Public Health.
- O. Upon written request of the District, Quest will remove any Quest employee who violates health requirements or conducts himself/herself in a manner, which is detrimental to the physical, mental, or moral well-being of students or staff, or otherwise violates District policies, procedures, and practices.
- P. In the event of the removal or suspension of any employee, Quest shall immediately restructure its staff without disruption in service.

- Q. All food service personnel assigned to each school shall be instructed on the use of all emergency valves, switches, and fire and safety devices in the kitchen and cafeteria areas.
- R. The use of student workers or students enrolled in vocational classes in the food service shall be mutually agreed upon.
- S. Quest shall provide daily, on-site supervisory personnel dedicated solely to the District, for the overall food service. The District retains final approval authority for Quest's local management position(s).
- T. Quest shall conduct civil rights training for all food service employees, including front-line staff, on an annual basis.
- U. Quest agrees that no employees of the District will be hired by Quest without specific written permission of the District for the term of this contract and one (1) year thereafter. The District agrees that without specific written permission of Quest, former employees of Quest working under this Agreement will neither be hired by the District for the term of this Agreement and one (1) year thereafter, nor will the District permit former employees of Quest to be employed directly or indirectly, hire or contract with any employee of Quest, whether as an individual or as owner, majority stockholder, director, officer or employee of another firm in the District food service for a period of one (1) year subsequent to the termination of the Agreement. For the purpose of the prohibition, "former employees" shall mean those persons who directly or indirectly performed managerial services for the District's facility for at least a one (1) year period immediately prior to the termination of this Agreement.
- V. The District agrees that Quest employees have acquired special knowledge, information, skills and contacts as a result of being employed with and trained by Quest. In the event that the District does hire, make any agreement with or permit the employment by a successor contractor of said employees within the restricted period, the District shall pay Quest a fee equal to the managers current yearly salary plus fringe benefits. This sum has been determined to be reasonable by both parties after due consideration of all relevant circumstances. This provision will survive the termination of this Agreement.

5. **Facilities and Equipment**

- A. The District shall make available without any cost or charge to Quest, the areas and premises agreeable to both parties in which Quest shall render its services.
- B. The District shall furnish and install any equipment and make any structural changes needed to comply with federal, state, and local laws, ordinances, rules, and regulations.
- C. The Premises and equipment provided by District for use in the Food Service Program shall be in good condition and maintained by District to ensure compliance with applicable laws concerning building conditions, sanitation, safety and health. The District shall indemnify Quest 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.

- D. Quest shall not use the District's facilities to produce food, meals, or services for other organizations or otherwise use the facilities of the District for any reason other than those specifically provided for in this Contract without the express written consent of the District.
- E. The District reserves the right, at its sole discretion, to use its facilities to sell or dispense any food or beverage before or after regularly scheduled lunch or breakfast periods provided such use does not interfere with the operation of Child Nutrition Programs, as applicable.
- F. The District shall return facilities and equipment to Quest in the same condition as received when the District uses the facilities for extra-curricular activities.
- G. The District shall provide sanitary toilet facilities for Quest employees.
- H. Quest shall provide laundry services for all linen, aprons, uniforms and similar items.
- I. The District shall provide suitable and secure office space, including, but not limited to desk, chairs, four-door file cabinet, safe, calculator and phone.
- J. Quest shall provide any computer hardware required and license to the District the use of its software for management and operation of the food services during the life of this Contract.
- K. The District shall provide payment of all utilities, including telephone service, used in the preparation and service of food.
- L. The District shall have access, with or without notice to Quest, to all District facilities used by Quest for inspection and audit purposes.
- M. Quest and District shall inventory the equipment and supplies owned by the District at the beginning of the school year and the end of the school year, including but not limited to flatware, trays, chinaware, glassware, and kitchen utensils. Quest will be responsible for correcting any discrepancies and any equipment repairs that are not the result of normal wear and tear within thirty (30) days of the end-of-the-school-year inventory.
- N. Quest shall maintain the inventory of expendable equipment necessary for the food service and at the inventory level as specified by the District.

- O. The District must give prior approval and have final authority for the purchase of equipment used for the storage, preparation, serving, and/or delivery of school meals.
- P. The District shall repair and service equipment except when damages result from the use of less-than-reasonable care by Quest employees or agents as determined by the District. When damage results from less-than-reasonable care on the part of any Quest employees or agents, it will be Quest's responsibility to repair and service the damaged equipment, incurring all applicable fees and costs, within a reasonable timeframe to ensure no disruption in service.
- Q. Quest and/or its employees or agents shall not remove equipment or property of the District from the District's premises including, but not limited to, food preparation and/or serving equipment.
- R. The District retains title to all property and equipment when placed in service. If the property and/or equipment is amortized through Quest and the Contract expires or is terminated, the District can return the property to Quest for full release of the unpaid balance or continue to make payments in accordance with amortization schedules.
- S. Quest shall provide written notification to the District of any equipment belonging to Quest within ten (10) days of its placement on District premises.
- T. The District shall not be legally responsible for loss or damage to equipment and/or vehicles owned by Quest and located on District premises.
- U. Quest shall surrender all equipment and furnishings in good repair and condition to the District upon termination of the Contract, reasonable wear and tear excepted.

**6. Sanitation**

- A. Quest shall place garbage and trash in containers as specified by the District and place them in designated areas.
- B. The District shall remove all garbage and trash from the designated areas.
- C. Quest shall clean the kitchen area including, but not limited to, sinks, counters, tables, chairs, flatware, and utensils.
- D. Quest shall operate and care for all equipment and food service areas in a clean, safe, and healthy condition in accordance with standards acceptable to the District and comply with all applicable laws, ordinances, regulations, and rules of federal, state, and local authorities.
- E. The District shall clean grease traps, walls, floors, light fixtures, window coverings, and ducts and hoods above the filter line.

- F. The District shall provide extermination services as needed.
- G. The District shall provide janitorial services for the dining room area (e.g. cleaning floors, walls and draperies after the meal service).

7. **Food Specifications**

- A. Quest must adhere to the District's Program Specifications and the USDA *Nutrition Standards for All Foods Sold in School* Final Rule:
  - 1. All breads, bread alternates, and grains must be ultra-grain or 100% whole grain. All breads and grains must be fresh (or frozen, if applicable) and must meet the minimum weight per serving. If applicable, product should be in moisture-proof wrapping and pack-code date provided.
  - 2. All meat and poultry must have been inspected by the United States Department of Agriculture (USDA) and must be free from off color or odor.
    - i. Beef must be 100% All Beef (min. 80:20 lean to fat) with no soy, no tvp or pre-cooked beef permitted. Purchases will be audited.
    - ii. Poultry should be U.S. Grade A when applicable and should meet the recommendations outlined in *Specifications for Poultry Products, A Guide for Food Service Operators* from the USDA.
    - iii. For breaded and battered items, all flours must meet the requirements for breads/grains credit and breading/batter must not exceed 30 percent of the weight of the finished product.
    - iv. For sausage patties, the maximum fat allowed is 50 percent by weight; industry standard of 38 to 42 percent fat preferred.
  - 3. All cured processed meats (bologna, frankfurters, luncheon meat, salami, others) shall be made from beef and/or poultry. No variety meats, fillers, extenders, non-fat milk solids, or cereal will be allowed. Meats must not show evidence of greening, streaking, or other discoloration.
  - 4. All cheese should be firm, compact, and free from gas holes; free of mold; free of undesirable flavor and odors; pasteurized when applicable; and preferably reduced- or low-fat. All cheese should also have a bright, uniform, and attractive appearance; have a pleasing flavor; demonstrate satisfactory meltability; and contain proper moisture and salt content.
  - 5. All fish must have been inspected by the United States Department of Commerce (USDC) and meet minimum flesh and batter/breading requirements for a USDC Grade A product or a product packed under federal inspection (PUFI) by the USDC.
  - 6. All fresh fruits must be ripe and in good condition when delivered and must be ready for consumption per the USDA *Food Buying Guide*. At a minimum, fruits must meet

the food distributors' second-quality level. Fruits should have characteristic color and good flavor and be well-shaped and free from scars and bruises.

7. All fresh vegetables must be ripe and in good condition when delivered and must be ready for consumption per the USDA *Food Buying Guide*. At a minimum, vegetables must meet the food distributors' second-quality level. Vegetables should have characteristic color and good flavor, be well shaped, and be free from discoloration, blemishes, and decay. No canned vegetables are permitted.
8. Eggs must be inspected and passed by the state or federal Department of Agriculture and used within 30 days of date on carton. Eggs should be grade A, uniform in size, clean, sound-shelled, and free of foreign odors or flavors.
9. Sauces, such as gravy, spaghetti sauce, pizza sauce, etc., must be smooth and uniform in color with no foreign substance, flavor, odor, or off color.
10. All District schools are to be used as full production sites. If applicable, the food production facility, manufacturing plant, and products must meet all sanitary and other requirements of the Food, Drug, and Cosmetic Act and other regulations that support the wholesomeness of products.
11. All recipes & products used must be free from nuts. Only sun butter can be used.
12. Meals and food items must be stored and prepared under properly controlled temperatures and in accordance with all applicable health and sanitation regulations.
13. All fruit juices must be 100 percent fruit juice.
14. All tomato products must be HIC free.
15. When the specification calls for "Brand Name or Equivalent", the brand name product is acceptable. Other products may be considered with proof that such products meet stated specifications and are deemed equivalent to the brand products in terms of quality, performance, and desired characteristics, as determined by the District.
16. All food items must adhere to the sodium target levels in subsequent Contract Terms, if applicable, as required by the USDA *Nutrition Standards For All Food Sold In School* Implementation Timeline for the Final Rule and/or other subsequent guidance issued by the USDA.
17. Nutrition labels or manufacturer specifications must indicate zero grams of trans fat per serving for all foods.

18. Fluid milk must be low-fat (1 percent milk fat or less, unflavored only) or fat-free (unflavored or flavored). Two choices must be offered daily as required by the District.

B. The Wellness Policy must be adhered to at all times.

C. All menus must adhere to the USDA *Nutrition Standards for All Food Sold In School* Final Rule and Program Specifications. All meals must include choice of fruit, vegetable and milk:

1. Primary Schools:

a. Minimum of two daily entrees

b. Farmers Market Fresh Fruit and Vegetable Bar daily: minimum of three choices of fruits and three vegetables

2. Intermediate Schools:

a. Minimum of four daily entrees

b. Traveling Bar rotates within intermediate schools. Traveling bar includes: salad bar, deli bar, and fiesta bar.

c. Minimum of three fresh fruits and vegetables offered daily.

3. Junior High Schools:

a. Minimum of eight daily entrees

b. Daily made to order deli bar with choice of three cheeses, four meats and a variety of fresh vegetable toppings and condiments

c. Fryers are not to be used on Fridays

D. Traveling display cooking rotating weekly. Display cooking samples include pasta, fiesta, omelets and chopped salads.

**8. Purchases/Buy American**

A. When purchasing foods using federal funds, Quest shall purchase, to the maximum extent practicable, domestic commodities or products which are either an agricultural commodity produced in the United States or a food product processed in the United States substantially using agricultural commodities produced in the United States (U.S.).

**9. License and Taxes**

A. Throughout the Term of the Contract and each renewal Term, Quest shall obtain and maintain all applicable licenses, permits, and health certifications required by federal, state, and local law.

B. Quest and all affiliates shall collect and remit Illinois Use Tax on all sales of tangible personal property in the State of Illinois in accordance with Section 10-20.21(b) of the School Code (105 ILCS 5/10-20.21 [b]) and the Illinois Use Tax Act (35 ILCS 105/1 *et seq.*). Quest certifies that it is not barred from bidding or entering into this Contract

under Section 10-20.21(b) of the School Code and that the District may declare this Contract void if this certification is false.

- D. The District is exempt from all applicable state and local sales tax. The District will provide a tax- exempt certificate if so required by Quest. The District shall be responsible for collection and remittance of any and all taxes assessed on the Food Service Program, excluding Quest's employee taxes and any city, state, or federal income taxes. The District shall indemnify Quest against any liability or assessment, including related interest and penalties, arising from such tax assessment and shall pay reasonable expenses, attorney's fees and court costs incurred in enforcement of the indemnity. This provision shall survive termination of this Agreement.
- E. It is mutually understood and agreed by the parties hereto that the financial considerations for this Agreement has been determined based on the interpretation of applicable sales, use, occupation or similar taxes, including real or personal property taxes, if any. In the event any portion of authority or the responsibility for any tax is shifted or altered, either of which results in a substantially increased cost to Quest, then the financial consideration herein set forth shall be equitably adjusted in an amount equal to such change in cost, retroactively to the date of such change. The District reserves the right to contest or protest any such tax.
- F. The responsibilities described in paragraph (E) shall expressly survive any termination of the Agreement. The District agrees to indemnify Quest against any liability, assessment or increase in Quest's cost, including but not limited to reasonable attorneys' fees and costs incurred in connection with any tax assessment or proceeding to contest or protest the tax liability. Nothing herein is intended to absolve Quest from the payment of city, state or federal income tax.

10. **Financial**

- A. **Selling Price**: The District, upon prior recommendation of Quest, will establish the selling price of all foods and beverages offered for sale within the District's facilities. All charges for meals and beverages served, as part of the program shall be done to the credit of the District. The respective school shall own all food for sale in the Food Service Program and all sales shall be made by the District at its direction. Quest shall keep and maintain for the respective school complete records and books of accounts relating to the operation of the Food Service Program as directed by the District.
- B. **Extension of Credit**: It is understood and agreed to by Quest that from time to time Quest will be asked to provide special services beyond the normal scope of the Food Service Program. Quest will extend credit to the District and to any other parties designated by the respective School for these functions. The District will guarantee payment within forty-five (45) days of receipt of invoice. In the event invoices are not paid within forty-five (45) days interest will be charged at the rate of one and a half percent (1½ %) per month.

- C. Revenue: Quest shall deposit revenue from food services and deposit it into the District's Education Fund. Quest shall keep maintain appropriate business records, as applicable, e.g. purchase orders, invoices, deposit slips.
- D. Quest's Administrative Cost and Management Fee equal to \$40,000 per year. Billed monthly over 10 months equal to \$4,000 per month from September through June of the school year.
- E. Quest will be reimbursed for the following:
1. All food, supplies and materials purchased by Quest for use at the District.
  2. Wages and fringe benefits set at 38% for initial year of contract, taxes and insurance for Quest's on site food service employees.
  3. Other direct operating costs paid by Quest, including but not limited to, laundry, disposable, cleaning supplies, and non-food items.
- F. State-Federal Reimbursements: Quest will serve free meals served to children designated by the District while protecting their anonymity. Quest shall prepare, maintain and submit to the District the records necessary for the timely submission of accurate claims for reimbursements for the Special Milk Program. Quest will process the required forms and documents to substantiate filing claims under the State and Federal Milk Program. Those funds shall be credited to the food cost of the District.
- G. Guaranteed Break Even: Quest guarantees that the bottom line of the operational financial report, as submitted by Quest, will be at a break even or result in no subsidy by the District. In the event that the costs of operating the Food Service Program exceed total revenues (from all sources), Quest will be responsible for any losses (shortfalls) incurred but in no event shall the reimbursement obligation exceed the amount of the Administrative Cost and Management Fee. The Guaranteed Break-Even is based on the following conditions and assumptions for the terms of this contract.
- H. Assumptions: The financial terms contained in this Agreement are based upon existing conditions and the specifications of the District. In the event the foregoing conditions are not met during the school year, Quest's guarantee obligation shall be reduced by an amount equivalent to any increased cost of loss of revenue attributable to the changes in such conditions.
1. The student enrollment for the Term of this Agreement will not be less than 4620 students.
  2. The number of days meals are served during the school year will not be less than 170 days.
  3. The number of free/reduced lunches being served do not exceed:
    - A. 405 daily at the Elementary Level
    - B. 200 daily at the Junior High Level
  4. The Special Milk Reimbursements that are received by the District are deducted from Quest's total food cost when determining profit or loss.

5. The number of serving periods, locations, serving times and types of service will not change materially.
6. The level of wages, salaries, positions and fringe benefits will not exceed those included in the Proposal.
7. The selling prices of the meals and ala carte items will not be less than those included in the Proposal.
8. Service will not be interrupted as a result of fire, work stoppage, strike or school closing.
9. The District and its representatives including but not limited to, school principals, teachers and employees shall fully cooperate with Quest in the implementation of the Food Service Program. The District shall fully cooperate with Quest to limit the expansion of competitive food sales in order to maximize the gross receipts and other non-cash sales of the Food Service Program.

**10. Record Keeping**

- A. Quest shall maintain such records as the District will need to support a reimbursement claim. In the event any claim or partial claim is disqualified by any government agency, due to actions by Quest, Quest shall reimburse the District for the full amount of such disqualification.
- B. All records relating to the Contract, including subsequent renewal Terms, if applicable, are property of the District and shall be maintained in either original or electronic form on District premises for the duration of the Contract. At any time during the Contract, the District reserves the right to require Quest to surrender all records relating to the Contract to the District within thirty (30) days of such request. Such records shall include, but are not limited to:
  - All data, materials, and products created by Quest on behalf of the District and in furtherance of the Services;
  - Production records, including quantities and amounts of food used in preparation of each meal and food component of menus;
  - Standardized recipes and yield from recipes as deemed necessary per the requirements of paragraph E;
  - Processed product nutritional analysis;
  - Nutritional content of individual food items and meals;
  - Bills charged to the District for meals prepared under this Contract including the credit of USDA Foods, where applicable;
  - Inventory records;
  - Food and bid specifications; and
  - All documents and records as noted in the *Invitation for Bid* and *Contract*.
- C. Upon expiration or termination of the Contract, Quest shall surrender all records as noted above, relating to the initial Contract and all subsequent renewal Terms, if applicable, to the District within thirty (30) days of the Contract expiration or termination.

- D. The District shall retain all records relating to the initial Contract and all subsequent Contract renewal Terms for a period of three (3) years either from the date the final Contract renewal Term has expired, receipt of final payment under the Contract is recorded, or after the District submits the final *Monthly Claim for Reimbursement* for the final fiscal year of the Contract, whichever occurs last.
- E. All records must be available for the period of time specified above for the purpose of making audits, examinations, excerpts, and transcriptions by representatives of the District, the Illinois State Board of Education, the United States Department of Agriculture, and the Auditor General, and other governmental entities with monitoring authority at any reasonable time and place. If audit findings have not been resolved, the records shall be retained beyond the specified period as long as required for the resolution of the issues raised by the audit.

## **11. Term and Termination of Agreement**

- A. This Contract is effective for a one-year period commencing on July 1, 2014 or upon written acceptance of the Contract, whichever occurs last, through July 1, 2015 (the "Term"), with options to renew yearly not to exceed four additional years (each a renewal "Term").
- B. Either the District or Quest can terminate this Contract for cause or for convenience with a sixty (60) day written notification. Following sixty (60) day written notification, the District can terminate this Contract in whole or in part without the payment of any penalty or incurring any further obligation to Quest.
- C. Following any termination for convenience, Quest shall be entitled to compensation for services completed upon submission of invoices and proof of claim for services provided under this Contract up to and including the date of termination. The District shall have the right to receive services from Quest through the effective date of the notice of termination, and may, at its election, procure such work from other contractors as may be necessary to complete the services.
- D. Notwithstanding any provision to the contrary in this Contract, obligations of the District will cease immediately without penalty of further payment being required if sufficient funds for this Agreement are not appropriated by the Illinois General Assembly or a federal funding source, or such funds are otherwise not made available to the District for payments in accordance with this Contract.
- E. Notwithstanding the notice period, the District may immediately terminate the Contract, in whole or in part, upon notice to Quest if the District determines that the actions, or failure to act, of Quest, its agents, employees or subcontractors have caused, or reasonably could cause jeopardy to health, safety, or property; or if the District determines that Quest lacks the financial resources to perform under the Contract.

Neither Quest nor the District shall be responsible for any losses resulting if the fulfillment of the terms of the Contract is delayed or prevented by wars, acts of public enemies, strikes, fires, floods, acts of God, or any other acts which could not have been prevented by the exercise of due diligence ("Act of God"). The District may cancel the Contract without penalty if Quest's performance does not resume within thirty (30) days of Quest's interruption of services due to an Act of God.

**12. General Contract Terms**

- A. Quest shall not sell, subcontract, transfer or otherwise assign this Agreement or any portion hereof without the District's prior written approval.
- B. This solicitation/Contract, exhibits, and attachments constitute the entire agreement between the District and Quest and may not be changed, extended orally, or altered by course of conduct. No other contracts will be signed by the District.
- C. Each party to this Contract represents and warrants to the other that: (a) it has the right, power and authority to enter into and perform its obligations under this Contract and (b) it has taken all requisite action (corporate, statutory or otherwise) to approve execution, delivery and performance of this Contract, and (c) this Contract constitutes a legal, valid and binding obligation upon itself in accordance with its terms.
- D. Any silence, absence, or omission from the Contract specifications concerning any point shall be regarded as meaning that only the best commercial practices are to prevail, and all materials, workmanship, and services rendered shall be of a quality that would normally be specified by the District.
- E. No course of dealing or failure of the District to enforce strictly any term, right, or condition of this Contract shall be construed as a waiver of such term, right, or condition. No express waiver of any term, right, or condition of this Contract shall operate as a waiver of any other term, right, or condition.
- F. Payments on any claim shall not prevent the District from making claim for adjustment on any item found not to have been in accordance with the provisions of this Contract.
- G. It is further agreed between the District and Quest that the exhibits, attachments, and clauses attached and designated are hereby in all respects made a part of this Contract.
- H. Quest shall comply with Title VI of the Civil Rights Act of 1964, as amended; USDA regulations implementing Title IX of the Education Amendments of 1972; Section 504 of the Rehabilitation Act of 1973; the Illinois Human Rights Act; the Americans with Disabilities Act; the Age Discrimination in Employment Act of 1975; 7 C.F.R. Parts 15, 15a, and 15b; and FNS Instruction 113-1, *Civil Rights Compliance and Enforcement—Nutrition Programs and Activities*, and any additions or amendments.

- I. The District and Quest shall comply with all applicable standards, orders, or regulations, including but not limited to:
  - i. The Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Clean Water Act (33 U.S.C. § 1311–1330, § 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 C.F.R. § 1.1 *et seq.*);
  - ii. *Certificate Regarding Lobbying* pursuant to 31 U.S.C. 1352 (Appendix A: 7 C.F.R. Part 3018); and
  - iii. *Disclosure of Lobbying Activities* pursuant to 31 U.S.C. 1352 (Appendix A: 7 C.F.R. Part 3018).
  
- J. Quest certifies compliance with:
  - iv. Energy Policy and Conservation Act (Pub. L. 94–163, 89 Stat. 871);
  - v. The Department of Labor regulations (29 C.F.R. Part 5); and
  - vi. Executive Order 11246, entitled *Equal Employment Opportunity*, as amended by Executive Order 11375 and Department of Labor Regulation (41 C.F.R. Chapter 60).
  
- K. The Illinois State Board of Education and the United States Department of Agriculture are not parties to this Contract and are not obligated, liable, or responsible for any action or inaction by the District or Quest. The District has full responsibility for ensuring the terms of the Contract are fulfilled.
  
- L. To the fullest extent permitted by law, Quest agrees to indemnify, defend, and hold harmless the District and its respective agents, officers and employees from and against any and all claims, demands, suits, liabilities, injuries (personal or bodily), property damage, causes of action, losses, costs, expenses, damages, or penalties, including, without limitation, reasonable defense costs, and reasonable legal fees, arising or resulting from, or occasioned by or in connection with (i) any bodily injury or property damage resulting or arising from any act or omission to act (whether negligent, willful, wrongful, or otherwise) by Quest, its subcontractors, anyone directly or indirectly employed by them or anyone for whose acts they may be liable; (ii) failure by Quest or its subcontractors to comply with any Laws applicable to the performance of the Services; (iii) any breach of this Contract, including, without limitation, any representation or warranty provided by Quest herein; (iv) any employment actions of any nature or kind including but not limited to, workers compensation, or labor action brought by Quest’s employees; or (v) any identity breach or infringement of any copyright, trademark, patent, or other intellectual property right.
  
- M. In order for the District to respond timely and appropriately to the requirements of the Illinois Freedom of Information Act (FOIA) [5 ILCS 140], Quest must review all documents required to be provided under this Contract and the exemptions for release under FOIA and, if exemptions are allowed, provide the District a redacted copy for release under FOIA, along with the original. The redacted copy shall be marked as “REDACTED”, and Quest shall reference the specific grounds under FOIA or other law or rule supporting the specific redaction request to exempt certain information. Notwithstanding the foregoing, the District may not necessarily be allowed to release *just* the redacted versions. Redactions based on personal privacy and preliminary drafts, by

law, must be sent to the State of Illinois Public Access Counselor before a denial to a FOIA request can be made. The District will abide by the decisions of the Public Access Counselor.

- N. Each Party, including its agents and subcontractors, to this Contract may have or gain access to confidential and proprietary data or information of the other Party including, without limitation, other technical information (including functional and technical specifications, designs, drawings, analysis, research, processes, computer programs, methods, ideas, "know how," and the like), business information (sales and marketing research, materials, plans, accounting and financial information, personnel records, and the like), all student data and information, and other information designated as confidential expressly or by the circumstances in which it is provided ("Confidential Information"). No Confidential Information collected, maintained, or used in the course of performance of the Contract shall be disseminated except as authorized by law and with the written consent of the disclosing Party, either during the Term of the Contract or thereafter. The recipient must return any and all Confidential Information used in the course of the performance of the Contract, in whatever form it is maintained, promptly upon termination of the Contract, or earlier at the request of the disclosing Party, or notify the disclosing Party in writing of its destruction, if destruction is permitted by the disclosing Party. Confidential Information does not include data or information lawfully in the recipient's possession prior to its acquisition from the disclosing Party; received by the recipient from a third party who was free to disclose it; publicly known through no breach of confidentiality obligation by the recipient; or independently developed by the recipient without the use or benefit of the disclosing Party's Confidential Information.
- O. Student Records. The parties shall comply with the relevant requirements of the Family Educational Rights and Privacy Act (FERPA) (20 U.S.C. 1232g) and the Illinois School Student Records Act (ISSRA) (105 ILCS 10/1 et seq.) regarding the confidentiality of student "education records" as defined in FERPA and "school student records" as defined in ISSRA. Any use of information contained in student education records to be released must be approved by the District. To protect the confidentiality of student education records, the District will limit access to student education records to those employees who reasonably need access to them in order to perform their responsibilities under this Contract. Any student records shall be returned to the District when no longer needed for the purpose, for which they were provided, or at the District's written request, they shall be permanently destroyed and Quest shall provide written confirmation to the District upon the destruction of student records.
- P. Insurance: Quest shall obtain and keep in force during the term of this Agreement, for the protection of School, its agents and employees, comprehensive general bodily injury and property damage liability insurance in the required amounts. The insurance policy shall contain a provision that coverage shall not be canceled, modified or revised unless thirty (30) days prior written notice is provided to the District. Quest shall submit a certificate of insurance evidencing that all coverage's in effect for 2014-2015, at each location prior to commencing performance of services under this Agreement. The insurance shall remain in effect for the duration of this Agreement.

Q. Attorneys' Fees: If any action or proceedings is necessary to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which it may otherwise be entitled.

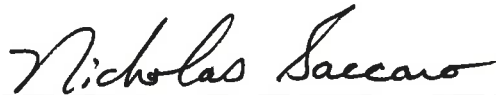
IN WITNESS WHEREOF, the parties have executed this Agreement this day and year first above written.

DISTRICT

BY:  DATE: June 9, 2014

ATTEST:  DATE: June 9, 2014

QUEST FOOD MANAGEMENT SERVICES, INC.

BY:  DATE: August 6, 2014  
President