

Termination without cause and termination with cause provisions are included within the contract. If the University determines Sodexo is not meeting expectations there is a clause included within the contract that would allow for termination of the contract with 90-days notice. There is also an agreement that any associated transition would only occur between semester breaks. These provisions could also be invoked by Sodexo. One risk associated with this contract is that if the University decides to cancel the contract it may potentially need to rehire employees and identify a new management team.

The University is giving Sodexo through the contract presented exclusive rights to retail food activity on campus. They will operate the Dining Services locations and all retail food activities. This would restrict other vendors from retailing food on campus. The definition of retail activity is the actual selling of food. If a caterer is being hired for a specific event but the attendees are not buying retail activity that is not restricted under this agreement (except in certain locations). If a caterer is hired for a specific event and food is being sold that does represent a retail activity and is restricted under this contract.

In addition to retail activity, Sodexo is being given exclusivity on catering in the Curris Center and Winslow Dining Hall. Exclusivity is defined as anywhere there is a grease hood in operation. If a new dining option is constructed in a facility on campus and has a grease hood then the entire building would have exclusivity for catering activities by Sodexo. In the various venues on campus where meetings are held and there is not a grease hood such as the CFSB Center there is not exclusivity for catering through Sodexo. There would be no exclusivity restriction for offices hosting an event if there is no grease hood in the building.

The University is retaining all of its rights on approving pricing, hours, trademarks and operations. Current meal plan pricing and structures that require Board approval remain intact. The Board continues to maintain authority for approving pricing, determining the meal plans that will be offered and setting hours of operation. Language is included in the contract where Sodexo financial proposals are based upon cost-of-living adjustments but those will come to the Board first for approval. If the Board chooses not to approve pricing adjustments that are submitted, Mr. Looney will be responsible for working with Sodexo to identify compensating factors which would also be presented to the Board for approval. The contract does not include any new fees and any fees included currently exist. Confirmation was provided that pricing for the various meal plans has not changed from what was previously approved by the Board and this includes faculty and staff programs. There is also no change in the way these programs are currently being operated. The campus buildings and all equipment within those facilities will remain the property of Murray

activities. If students are holding an event and need Dining Services to help subsidize that event, Sodexo is continuing the type of support currently provided by the Dining Services operation. The contract does not define in depth how this funding can or cannot be used and it is the University responsibility to make those determinations.

The language within the contract indicates for any type of University approval that is required Mr. Looney is listed as the appointed party with responsibility for communicating to the appropriate parties on campus. His responsibility is to make sure anything requiring University approval gets to the right parties responsible for that approval. This prevents Sodexo from having to navigate the entire University.

In addition to the Student Success and Student Activities funds, there is an additional \$50,000 per year for VIP catering events. This would include employee appreciation luncheons that Dining Services has typically been asked to help subsidize and these expenditures will likely be at the discretion of the President. Confirmation was provided that the cost for activities for initiatives (such as Senior Breakfast and the Midnight Breakfast) were calculated into the investment provided although specific events were not named to allow for greater flexibility. The President will work with students to determine which events are important to them and that could change from year to year. In regard to the Repair and Maintenance Fund, Sodexo has proposed setting up a \$1.6 million fund over 10.5 years for equipment maintenance and repair. This number is a result of an analysis prepared by Mr. Looney based on the past 4.5 years of University equipment maintenance and repair expenses which were actually incurred. This has also been scheduled out for the future with cost increases factored in. If any of these funds are not used in a given year they will be carried forward to the next year and the University can request to utilize these funds for any needed repairs or maintenance. The University will retain ownership of the equipment but Sodexo will help contribute to the cost for the institution to make the necessary repairs.

In regard to the Utility Fund, currently utilities are cost calculated based on auxiliary square footage usage for the space and was projected out based on past numbers and the calculations for utility consumption throughout the contract. Sodexo will pay utility costs on a monthly basis.

An additional value Sodexo is providing to students are Meal Plan Scholarships. They projected \$589,589 to be utilized toward meal plan scholarships which amounts to approximately 25 scholarships per year that will be offered as an in-kind contribution. These scholarships will be identified and can be utilized in a number of different ways. The University may choose to dedicate 80 percent of this funding for meal plan scholarships and 20 percent to be utilized for the Food Bank Program to ensure students with need have access to food. Dr. Jackson added that this could represent 25 full scholarships or 50 half scholarships or some other combination.

There is also an exclusivity contract pouring rights agreement with Pepsi and that is included within the contract. This req and other agreements and not violate the terms of any such contracts.

In response to whether candy bars can continue to be sold on campus to raise money to help sponsor local bands and if Girl Scout Cookies can still be sold, Ms. Dudley reported that the University historically has not allowed third-party sales on campus. Confirmation was provided the contract with Sodexo does not address those types of sales but the appropriateness of the sales just mentioned is not being addressed. Mr. Looney reported that the important component of this is the selling of prepared foods because food serving licenses come into play and that type of activity is what has been referenced in the contract.

Confirmation was provided that meetings with affect

relationship with current employees and employment will be terminated based on the KRS requirement. This is being done to protect employee retirement benefits because the University does not want to j

Mr. Looney indicated that what was outlined earlier represents projects Sodexo brought forward during the proposal process and are not necessarily defined as being final in the contract. For fiscal year 2018-19, consideration is being given to Thoroughbred Room renovations which include the installation of a Mexican concept, signage and painting and undertaking different design work. Consideration is also being given to a Winslow Dining Hall and concessions refresh. Discussions have occurred regarding bringing Einstein Bagels and Starbucks to the University and undertaking work in the Business Express which is located in the Business Building. Consideration is also being given to expanding the Fast Track program (convenience store) to increase available options. There is also potential for a project in Hart Hall. For 2020-21 the proposal has been made to bring Chick-fil-A to campus and a Five & Diner which would be set up inside Winslow Dining Hall to provide the concept within a concept experience. Renovations to the Thoroughbred Room are being considered and another proposal included a Freight Cart which is a repurposed shipping container that can be placed on campus in many different locations to house enterprises such as Shake or other concepts. The concept of a micro-market has also been introduced which would be a self-service store located in the Curris Center and this is a relatively new concept for the college marketplace. For 2021-22 renovations in Winslow Dining Hall have been proposed. The Enhancement Fund of \$1.8 million is for 2023 through 2028 and those decisions cannot be made at this point in time. Confirmation was provided that these are concepts which have been discussed but they do not represent final decisions.

Ms. Dudley was asked to provide a summary of the annual value of this contract to the University. She indicated that annual sales commissions are broken out by three categories. For meal plans the University would receive 20 percent of net sales which has been based on current enrollment and pricing. Retail, catering and camps were discussed previously and the institution would receive 10 percent of net sales. The University would receive 40 percent of net sales related to concessions. Slightly over \$2 million would come back to the University annually. This is a 10.5 year contract and information restating those commissions for the life of the contract was provided and amount to \$21.3 million in commissions over the term of the contract. There is a \$1.5 million signing bonus, capital investments of \$9.3 million, in-kind contributions of \$1.3 million, scholarships amounting to approximately \$600,000 and \$1.6 million for equipment maintenance and repair. All of these investments total \$35.6 million for the 10.5 year

contributes to the retirement system for employees when the payroll is run and those

