

Jack Gillean - Re: August 26 Board minutes

From: Tom Courtway
To: Meadors, Allen
Date: 3/11/2012 3:47 PM
Subject: Re: August 26 Board minutes

Dr. Meadors:

Thank you for the e-mail. I will forward it to Jack and Susan and have them check.

Tom Courtway, President
University of Central Arkansas
Wingo Hall, Suite 207
501-450-5286
501-450-5003 (fax)
>>> "Meadors, Allen" <meadorsa@aascu.org> 3/11/2012 2:20 PM >>>
Tom:

I was looking at the August 26, 2011, Board minutes and I have two questions, first my remarks are not included (no big deal) and the sentence regarding Chair Roussel statement regarding the offer from Arkmark says "told board that Aramark had given a gift of \$700,000 to the University for renovation of the President house". You might want to check with Mr. Roussel and the tapes, I don't remember the statement being that straight forward. Hope this is helpful. Allen

Allen C. Meadors, Ph.D., LFACHE
Senior Fellow
American Association of State Colleges and Universities

Jack Gillean - Re: Amortization of Investment - from today's discussion

From: Tom Courtway
To: Crosson, Brad L.
Date: 3/11/2012 2:28 PM
Subject: Re: Amortization of Investment - from today's discussion

Thanks for the clarification. I hope you can get me a draft of a new agreement early in the coming week.

Tom Courtway, President
 University of Central Arkansas
 Wingo Hall, Suite 207
 501-450-5286
 501-450-5003 (fax)
 >>> "Crosson, Brad L." <Crosson-Brad@Aramark.com> 3/7/2012 3:57 PM >>>
 Tom,

First of all, thanks for your time and leadership over the last couple of days to resolve all outstanding issues or questions with regards to our upcoming new contract. I really appreciate your support.

I just wanted to get back with you (from our brief conversation today) and offer clarity on our amortization schedules that we have in place with the new contract – all based on what was requested by UCA.

Given that there is really only 1 schedule currently on a significantly shorter schedule than the new 10 year schedule, I respectfully request that we just leave all on the new 10 year schedule given that it accomplishes what was requested (and given that it is what we have already modeled), and so I don't have to go back to our corporate finance with another model to review and approve. The annual impact of making this change would be around \$10K per year, and while that is an insignificant amount in the grand scheme of things, at this point every \$10K counts. Below is the detail back up of my request:

1. Just To Restate - All **new** investments will be amortized beginning at the completion of the capital project until the end of the contract. No matter what year any capital project begins, it will be fully amortized by June 30, 2022 – our new contract end date. Again, there will be buyback language on unamortized balances, but all **without** any interest language (or early termination fees) on any unamortized balance.
2. As for our **existing** unamortized balance at the end of May, 2012 – roughly \$4.4M. As requested, all of these individual schedules (8 in total) will be squeezed into the same 10 year term – and all will be fully amortized by June 30, 2022 – our new contract end date. To clarify your question (or point) today, we did model taking the full \$4.4m and amortizing over a schedule of 10 years. This only impacts 3 of the 8 investments that were/are currently on shorter schedules:
 - a. The Blackboard POS equipment investment that will have a \$70,092.92 balance at the end of May, 2012 – it had 4.33 years remaining on the original schedule but has already been modeled to expand out to the 10 years.
 - b. The Einsteins/Java City investment that will have a \$606,666.67 balance at the end of May, 2012 – it had 9.33 years remaining on the original schedule but has already been modeled to expand back out to the 10 years.
 - c. An earlier mixed investment for our cart/grill, Farris Hall, and a freezer investment that will have a \$126,000 balance at the end of May, 2012 – it had 9 years remaining on the original

schedule but again, has already been modeled to expand back out to the 10 years.

- d. The 5 other investments were all still over 10 years remaining, and all will be squeezed into the new 10 year term.
- e. Again, there will be buyback language, but all **without** any interest language (or early termination fees) on any unamortized balance.

Again, thanks for your leadership and support, and for your consideration of the above request. I hope all of this doesn't confuse you. Please call me if you want to quickly talk through.

All my best,

Brad Crosson

District Manager

ARAMARK, Higher Education - Dining

Southwest Region - Arkansas District

501-908-3218

crosson-brad@aramark.com

Jack Gillean - Re: Commission Structure Analysis

From: Tom Courtway
To: Casey, Michael; Rogers, Tammy
Date: 3/19/2012 8:18 AM
Subject: Re: Commission Structure Analysis
CC: Diane Newton; Jack Gillean; Katie Henry; Rick McCollum

Dr. Rogers:

Excellent work. Thank you very much for the analysis.

Tom Courtway, President
University of Central Arkansas
Wingo Hall, Suite 207
501-450-5286
501-450-5003 (fax)
>>> Tammy Rogers 3/18/2012 3:08 PM >>>

Tom,

It took me a little longer to get to this than I hoped. I am attaching a quick run down on the commission structure discussions so that you can get an idea of the impact on the commissions based on the new percentages and if we don't meet the guarantee. I ran through a lot of scenarios, but I only gave a few examples in my summary. If anyone wants a specific scenario run, I will be happy to do it. If you have questions, please feel free to call me at 499-1341.

Tammy

Jack Gillean - Fwd: Commission Structure Analysis

From: Tom Courtway
To: Diane Newton; Jack Gillean; Katie Henry; Rick McCollum
Date: 3/19/2012 8:18 AM
Subject: Fwd: Commission Structure Analysis
Attachments: Commission Structure Analysis

fyi

Tom Courtway, President
University of Central Arkansas
Wingo Hall, Suite 207
501-450-5286
501-450-5003 (fax)

Jack Gillean - Aramark/Amortization Schedule Under New Proposal

From: Tom Courtway
To: Rick McCollum
Date: 3/11/2012 3:05 PM
Subject: Aramark/Amortization Schedule Under New Proposal
CC: Casey, Michael; Diane Newton; Don Bradley; Jack Gillean; Katie Henry...

Rick:

Could you prepare a spreadsheet on the existing investments Aramark has made (the approximate \$4.4 million in principal)? And, then have three columns:

1. What the existing amortization schedule looks like (under the 2005 contract and any addendums);
2. What the amortization schedule would look like if we went to a 10-year contract; brought any items outside 10 years to that term; and then any on a shorter amortization continue on the shorter term; and
3. What the amortization schedule will be under the proposal Brad Crosson made and is set forth in the e-mail I forwarded to you earlier today.

I don't believe it is a lot of money (Brad references about \$10,000 a year over the term of the agreement), but I would like us to analyze it as well.

Thank you.

Tom Courtway, President
University of Central Arkansas
Wingo Hall, Suite 207
501-450-5286
501-450-5003 (fax)

Jack Gilleen - Re: Amortization of Investment - from today's discussion

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Again, thanks for your leadership and support, and for your consideration of the above request. I hope all of this doesn't confuse you. Please call me if you want to quickly talk through.

All my best,

Brad Crosson

District Manager

ARAMARK, Higher Education - Dining

Southwest Region - Arkansas District

501-908-3218

crosson-brad@aramark.com

Jack Gillean - Food Service/ SGA Amphitheater

From: Tom Courtway
To: Board of Trustees
Date: 3/8/2012 10:27 AM
Subject: Food Service/ SGA Amphitheater
CC: Susan Lilly

Dear Members of the Board:

A quick update on two matters:

1. **Food Service Contract:** We completed the discussions and negotiations yesterday with Aramark on the food service contract. We had a large group in the room consisting of student representatives, staff and faculty. Aramark is preparing a draft of a new agreement along the lines of what I sent to you previously (10-year term with 90 day cancellation; no interest or penalty provisions back or forward; a 1% increase for next year). After these points were resolved, I left the room and the larger group discussed other matters relating to the overall dining program. I should have the draft early next week and will send you a copy.
2. **SGA Amphitheater:** Today at 2:00 P.M. the bids are to be opened for the SGA Amphitheater. As soon as I know something I will let you know.

Please let me know if you have any questions.

Tom Courtway, President
University of Central Arkansas
Wingo Hall, Suite 207
501-450-5286
501-450-5003 (fax)

Jack Gilleen - Re: New contract information

From: Tom Courtway
To: Crosson, Brad L.; McCuien, Cassandra
Date: 3/7/2012 8:50 AM
Subject: Re: New contract information
CC: Diane Newton

Diane for the contact. Me for the rep to sign it.

Thanks.

Tom Courtway, President
University of Central Arkansas
Wingo Hall, Suite 207
501-450-5286
501-450-5003 (fax)
>>> "Crosson, Brad L." <Crosson-Brad@Aramark.com> 3/7/2012 8:33 AM >>>
Tom and Cassandra,

Who would you like for me to put in the new contract (that we are beginning to draft) for the following 2 areas:

1. Who would be the Client Contract Contact
2. Who would be the Client Representative to sign the contract

Can be the same person. It is currently set as Diane Newton for both. But it could be also be different – for instance, Diane as the Client contract Contact, and Tom as the Representative to actually sign the contract.

Thanks!

Brad Crosson
District Manager
ARAMARK, Higher Education - Dining
Southwest Region - Arkansas District
501-908-3218
crosson-brad@aramark.com

Jack Gillean - Re: Fwd: FW: cc: Revised, Marked Draft - University of Central Arkansas HE Dining agreement 03-2012

From: Rick McCollum
To: Bradley, Don; Casey, Michael; Courtway, Tom; Gillean, Jack; Henry, K...
Date: 3/22/2012 9:15 AM
Subject: Re: Fwd: FW: cc: Revised, Marked Draft - University of Central Arkansas HE Dining agreement 03-2012
CC: breynolds_1019@hotmail.com

Tom,

This is the current practice. The highlighted sentence below is consistent with the language in the 2005 agreement. I am not aware of any issues with the 2005 agreement concerning this language.

Thanks

Rick McCollum
Assistant Vice-President
Housing and Contract Services
501-450-5932

>>> Tammy Rogers 3/21/2012 8:16 PM >>>

Tom,

There are 2 things that stood out to me.

1. On the bottom of page 8, I'm not 100% sure about the wording in the highlighted sentence below. This wording may be fine, I would feel better if Rick and Diane looked at this one more time to make sure it is what we currently do.

"3) Procedures With Respect to Declining Balance Plans: Not later than the end of the second week in each semester of operations, ARAMARK shall invoice Client for the full balance of any Declining Balance Dollars available with each plan. On August 31 in each Operating Year, any remaining or unspent Declining Balance Dollars remaining from such Operating Year (e.g., the operating period commencing September 1, 2012 and ending August 31, 2013 will be reconciled, with respect to Declining Balance Dollars as described in this Paragraph 13.B(3), as of August 31, 2013) will be returned to Client. The value of any such Declining Balance Dollars returned to Client will be credited against the commission guarantee for such year payable to Client, as more particularly described in Paragraph 13.G(2) of this Agreement. A patron's unused Declining Balance Dollars will carry forward from the Fall Semester to the Spring Semester and thereafter, to the following Summer terms, but in no event shall unused Declining Balance Dollars be carried forward beyond one full academic year. "

2. The language on section 22 B on page 20 has been changed to allow for cancellation effective at the end of a semester rather than an operating year as you requested.

I don't think either of these is a deal breaker. They were just the items that stood out to me as I read back through the contract.

Tammy

>>> Tom Courtway 03/21/12 3:19 PM >>>

I am forwarding to each of you an e-mail I just received from Brad Crosson of Aramark transmitting the latest version of the Food Service Management Agreement. Please review it carefully and let me know of any questions or comments no later than 10:00 A.M. tomorrow. Thank you.

Tom Courtway, President
University of Central Arkansas
Wingo Hall, Suite 207
501-450-5286
501-450-5003 (fax)

Jack Gillean - Don Bradley's comments about Aramark agreement

From: Jack Gillean
To: Courtway, Tom
Date: 3/14/2012 5:17 PM
Subject: Don Bradley's comments about Aramark agreement
CC: Bradley, Don; Henry, Katie; Newton, Diane

Tom,

Don Bradley will not be able to attend the meeting on the food service contract, which is set for tomorrow (Thursday) because he will be out of town. However, he had two issues that he wanted to bring to your attention.

Issue 1: On page 2 at paragraph H, the contract reads as follows:

H. "Prime Interest Rate": The interest rate published in The Wall Street Journal as the base rate on corporate loans posted by at least Seventy-Five Percent (75%) of the thirty (30) largest U.S. banks, such rate to be adjusted on the last day of each Accounting Period.

Don expressed concern that this definition could lead to the University paying high interest rates if the economy heats up and inflation rises.

Even though the troubling interest payments have been removed from the agreement, the contract does call for UCA to pay interest at the above-identified rate under certain terms. See issue 2 below.

Issue 2: Don raises a concern about the wording under subparagraph 2 on pages 12-13. That provision reads as follows:

2) 2012 Financial Commitment: In consideration of Client's agreement to enter into this new Agreement with ARAMARK for the term set forth in Paragraph 22.A of this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, ARAMARK shall make a financial commitment to Client in an amount up to Two Million Four Hundred Seventy-Five Thousand Dollars (\$2,475,000) (the "2012 Financial Commitment"). Client agrees to invest the 2012 Financial Commitment in food service facility renovations and in the purchase and installation of food service equipment, area treatment, signage and marketing materials and other costs associated with the Campus Food Service Program on Client's premises. Any equipment purchased by ARAMARK on Client's behalf shall be purchased as a "sale-for resale" to the Client. Client shall hold title to all such equipment (with the exception of those items which bear the name of ARAMARK, its logo, or any of its logo, service marks or trademarks or any logo, service marks or trademarks of a third party) upon such resale.

The 2012 Financial Commitment shall be made in various segments (each, a

"Financial Commitment Segment") as set forth below. Each Financial Commitment shall be made by ARAMARK at such time as mutually determined by ARAMARK and Client during the applicable operating period. ARAMARK shall be obligated to commit any Financial Commitment Segment only if this Agreement is in full force and effect as of the date upon which ARAMARK is to commit such Financial Commitment Segment. The following contains a tentative description of the projects for which each Financial Commitment Segment is to be utilized, but the parties may, by mutual agreement, re-allocate such funding among the listed projects (or for other projects mutually agreed upon in writing).

<u>Period of Operation</u>	<u>Commitment Amount</u>	<u>Project</u>
Summer 2012	-	-
	\$600,000	Student Center Food Court
	\$150,000	Student Center P.O.D.
	\$275,000	Library P.O.D. and Starbucks
	\$200,000	Food Truck
	\$350,000	Burdick Deli
2012 Subtotal	\$1,575,000	
Summer 2013		
	\$750,000	Christian Cafeteria
	\$150,000	Bear Village P.O.D.
2013 Subtotal	\$900,000	
TOTAL COMMITMENT	\$2,475,000	

Each Financial Commitment Segment shall be amortized on a straight-line basis over a period of months equivalent to the number of full months remaining until June 2022, commencing, with respect to any Financial Commitment Segment, upon the complete expenditure of the respective Financial Commitment Segment.

Don raises a question about what "'sale-for resale' to client" means. His question is whether this obligates the university to purchase the equipment and at what terms.

This section also contains the following language:

Upon expiration or termination of this Agreement by either party for any reason whatsoever prior to the complete amortization of the 2012 Financial Commitment, Client shall reimburse ARAMARK for the unamortized balance of the 2012 Financial Commitment as of the date of expiration or termination. In the event such amounts owing to ARAMARK are not paid to ARAMARK within 30 days of expiration or termination, Client agrees to pay interest on such amounts at the Prime Rate plus two percentage points (2%) per annum, compounded monthly from the date of expiration or termination, until the date

paid. The right of ARAMARK to charge interest for late payment shall not be construed as a waiver of ARAMARK's right to receive payment of invoices within 30 days of the invoice date.

Based on the foregoing, UCA would have to pay interest of Prime Rate plus 2% only if it fails to repay the 2012 Financial Commitment within 30 days of expiration or termination of the agreement. This explains why there is a definition of Prime Interest Rate that Don questioned in number 1 above.

Please let me know if you have any questions.

Jack Gillean
Chief of Staff
201 Donaghey Ave.
Wingo 207
Conway, AR 72035
501/450-3170
Fax 501/450-5003
e-mail: jgillean@uca.edu