

CANTEEN SERVICES, INC.
FOOD SERVICE AGREEMENT

THIS AGREEMENT, made this 1st day of February, 2012, by and between the County of Muskegon with principal offices located at 990 Terrace Street, Muskegon MI 49442 (hereinafter referred to as "County"), and Canteen Services, Inc. a Michigan corporation with principal offices at 905 North Church Street, Tekonsha MI 49092 (hereinafter referred to as "Canteen").

WITNESSETH:

WHEREAS, County desires to avail itself of Canteen's food services; and,

WHEREAS, Canteen desires to perform such services for County.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound hereby, agree as follows:

SECTION 1. COUNTY'S GRANT TO CANTEEN

County grants unto Canteen, as an independent contractor, the exclusive right to operate a food service at the following described premises:

Muskegon County Jail
25 W. Walton
Muskegon, MI 49440

(such location hereinafter referred to as the "Premises"), and the exclusive right to prepare and provide meals for jail inmates, county employees, guests, and other persons at said premises, as shall be approved by the County (said manual food service hereinafter referred to as "Services").

SECTION 2. CANTEEN'S RESPONSIBILITIES

- A. Pursuant to the provisions of this Agreement, Canteen will operate and manage its Services to provide nutritious meals and maintain high standards of quality, sanitation, and cleanliness.
- B. Canteen agrees to pay all federal, state, and local taxes which may be assessed against Canteen's equipment or merchandise while in or upon the Premises, as well as all federal, state, and local taxes assessed in connection with the operation of its Services upon the Premises. Canteen also agrees to comply with all federal, state, and local laws and regulations governing the preparation, handling, storage, and serving of foods, and to procure and keep in effect all the necessary licenses, permits, and food handler's cards required by law, and to post such permits within the catering areas in a prominent place as required by law. All costs in connection with such taxes, licenses, permits, and food handler's cards, shall be paid by Canteen. Canteen agrees to comply with applicable federal, state, and local laws and regulations pertaining to wages and hours of employment.

- C. Canteen shall hire all employees necessary for the performance of this Agreement. If possible, employees will be hired from the Muskegon County area. Upon being hired, such employees shall be subject to such health examination as proper city, state, or federal authorities may require in connection with their employment. All persons employed by Canteen will be the employees of Canteen, and not of the County, and will be covered by a fidelity bond. Canteen, in performing work required by this Agreement, shall not discriminate against any employee or applicant for employment because of race, religion, sex, color, national origin, age, height, weight, handicap, or marital status in violation of federal, state, or local law, unless such requirement is necessary for security reasons.
- D. The County reserves the right to reject employees placed on the premises by Canteen and the County may, through the Department Head, perform security checks on any employees designated by Canteen to service County at said facilities.
- E. Canteen shall perform all necessary spot mopping of the floors in the storage and food service preparation areas. Canteen's facilities and services, as well as the food prepared by Canteen, shall at all times be subject to inspection by an authorized, capable person or persons designated by the County. See attached Exhibit B for detailed cleaning responsibilities. For the Muskegon County Jail facility only, the Sheriff shall furnish adequate inmate workers to cook food and do necessary clean-up of the jail facility.
- F. All records shall be kept on file by Canteen for a period of three (3) years from the date the record is made, and Canteen shall, upon reasonable notice, give the County or his authorized representative the privilege at a reasonable time of inspecting, examining, and auditing, during normal business hours, such of Canteen's business records which are directly relevant to the financial arrangements set forth in Exhibit A. The cost of such inspection, examination, and audit will be at the sole expense of the County, and such inspection, examination, and audit shall be conducted at the Canteen location where said records are normally maintained. The obligations created by this section shall survive this agreement.
- G. Canteen agrees that Canteen's employees and agents shall comply with and observe all applicable rules and regulations concerning conduct on the Premises which County imposes upon County's employees and agents.

SECTION 3. COUNTY'S RESPONSIBILITIES

- A. County shall, at its own cost and expense, provide all food equipment, facilities, and floor space, as mutually agreed between County and Canteen, necessary to the efficient operation, transporting, and control of Canteen's Services. The County will maintain, repair, and replace said equipment and facilities at its own expense, and the County shall keep such equipment and facilities maintained in a safe operating condition such that no Canteen employee is exposed to or subjected to any unsafe situation which would violate the Occupational Safety and Health Act, including but not limited to the general duty and the specific duty clauses thereof, or any other similar federal, state, or local law or regulation; provided, however, if equipment provided by County becomes inoperative, hazardous, or inefficient to operate, Canteen shall have the right to effect repairs or replacements at the expense of the County, if the County fails to do so within a reasonable time after written notice of said equipment deficiency. County shall permit

Canteen to have the use of all such equipment and facilities in the performance of its obligations hereunder, subject to the duty to exercise reasonable care in the use thereof. Canteen agrees that all equipment and items of equipment now or hereafter furnished by the County to Canteen are the sole property of the County, and Canteen agrees not to change, deface, or remove any symbol or mark of identity upon said equipment or items of equipment furnished by the County.

- B. The County will be responsible for all daily spot mopping of the floors in the dining area, all necessary cleaning of walls, windows, and electric light fixtures, and all necessary scrubbing, stripping, and polishing of floors in the storage, food service preparation area, and the dining room areas, as well as any areas adjacent to stands or carts used for Canteen's Services, at no cost to Canteen. See attached Exhibit B for detailed cleaning responsibilities.
- C. County agrees that no employees of Canteen will be hired by County without permission of Canteen for a period of six (6) months after the termination of their employment with Canteen. County shall not impose any regulation on Canteen's employees not imposed on County's employees.
- D. County also agrees to provide all cleaning supplies, expendable replacements of all supplies, telephone and office equipment and service to Canteen.

SECTION 4. FINANCIAL ARRANGEMENTS

The financial arrangements of this Agreement are set forth in Exhibit A which is attached hereto, incorporated herein, and made a part hereof as if fully set forth in the Agreement.

SECTION 5. INSURANCE AND INDEMNIFICATION

- A. Canteen shall indemnify County and the Sheriff of Muskegon County, their employees, agents, elected officials, appointed officials, and county commissioners, against any and all claims, suits, losses, expenses, costs, damages, including actual attorney's fees incurred by County and/or Sheriff caused, in whole or in part, by Canteen's actions or failure to act, or caused by the negligent acts or omissions of Canteen's agents or employees and/or caused by or arising out of the presence of Canteen's employees or agents on the Premises of the Muskegon County facilities and/or arising out of the consumption or use of the products and food products sold by Canteen; provided however, nothing contained herein shall require Canteen to defend or indemnify the County, Sheriff, or the Muskegon County facilities named in this contract for losses, damages, injuries, or death arising out of the sole combined negligence of the County of Muskegon, their agents or employees, and Canteen will not be required to indemnify or defend claims where the injuries and/or damages result from allergic reactions to food in cases where such allergies were not properly communicated to Canteen, its agents or employees.
- B. County shall promptly notify Canteen in writing of any claims or lawsuits against Client within ten (10) days after the day County first receives actual notice of such claim or lawsuit relating to food service contracts. County will provide Canteen with a copy of a summons and complaint in the event a lawsuit is filed.

C. In order to secure Canteen's obligation to hold harmless and indemnify the County, Canteen shall procure and maintain the following insurance:

1. All insurance coverage of any kind required by state or federal law.
2. Comprehensive General and Automobile Liability Insurance, with combined single limits of \$1,000,000 for any one occurrence in which bodily injury or property damage is alleged. Also, excess liability umbrella form in the amount \$10,000,000.

Canteen shall furnish County with a Certificate of Insurance evidencing such coverage naming County as additional insured. The cost of the above insurance will be paid by Canteen.

SECTION 6. COMMENCEMENT AND TERMINATION

This Agreement shall become effective as of the 1st day of February, 2012, and shall remain in force for three (3) years, subject to two (2) automatic renewal for additional periods of one (1) year; however, parties have a right to terminate the agreement as provided below.

Either party may terminate this Agreement by giving sixty (60) days written notice to the other party, provided, however, the parties agree that this agreement will not be cancelled until sixty (60) days after service has commenced. This sixty (60) day period shall commence on the date that the notice is mailed. The County may terminate this agreement for non-performance by Canteen immediately without sixty (60) days notice.

Upon the termination or expiration of this Agreement, Canteen shall, as soon thereafter as is feasible, vacate all parts of the Premises occupied by Canteen, where applicable, and return the Premises to County, together with all the equipment furnished by the County pursuant to this Agreement, in the same condition as when originally made available to Canteen, excepting ordinary wear and tear and other casualty loss.

The termination of this Agreement shall not affect the rights, privileges, liabilities, and/or responsibilities of the parties as they exist as of the effective date of termination and the parties shall cooperate fully with each other during the term of the Agreement and subsequent to the termination in order to ascertain and satisfy the liabilities of either party to the other. The indemnities in this Agreement shall survive the termination.

SECTION 7. INDEPENDENT CONTRACTOR RELATIONSHIP

It is mutually understood and agreed, and it is the intent of the parties that an independent contractor relationship be established under the terms and conditions of this Agreement; that employees of Canteen are not nor shall they be deemed to be employees of County; and, that employees of County are not nor shall they be deemed to be employees of Canteen.

SECTION 8. LOCKDOWN AND INSPECTION

- A. In the case of lockdown or other related acts, Canteen shall serve the jail a special menu that would be kept on site for this type of emergency. If lockdown or emergency lasts more than three (3) days the County and Canteen will determine what course of action needs to be taken.

B. The Sheriff shall have the right to inspect or search all employees and agents of Canteen, their property and belongings while upon the Premises, without prior warning at any time. The Sheriff shall have the right to refuse access of any person to the secured areas of the jail.

SECTION 9. ASSIGNMENT

Neither Canteen nor County may assign or transfer this Agreement, or any part thereof, without the prior written consent of the other party.

SECTION 10. SEVERABILITY

If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

SECTION 11. REMEDIES NOT EXCLUSIVE

No remedy herein conferred upon or reserved to County is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 12. NO WAIVER OF DEFAULT

No delay or omission of County to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement to County shall be exercised from time-to-time and as often as may be deemed expedient in the sole discretion of County.

SECTION 13. SUCCESSORS AND ASSIGNS

All representations, covenants and warranties set forth in the Agreement by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

SECTION 14. NO THIRD-PARTY BENEFICIARY

No person dealing with the County or Canteen shall be, nor shall any of them be deemed to be, third-party beneficiaries of this Agreement. This Agreement is not intended to, nor shall it be interpreted to create a special relationship between the County or Canteen and any staff, visitors, residents, or other individuals who may have business through the County.

SECTION 15. TERMS AND CONDITIONS

The terms and conditions used in this Agreement shall be given their common and ordinary definition and will not be construed against either party.

SECTION 16. EXECUTION OF COUNTERPARTS

This Agreement may be executed in any number of counterparts and each such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

SECTION 17. ENTIRE AGREEMENT: WAIVER

This Agreement constitutes the entire Agreement between the parties with respect to the provision of Canteen's Services, and the terms and conditions of the food management service proposal (RFP #08-1600) from Muskegon County. No variation or modification of this Agreement and no waiver of its provisions shall be valid unless in writing and signed by the duly authorized officers of Canteen and County. This Agreement supersedes all other agreements between the parties for the provision of Canteen's Services on the Premises.

SECTION 18. NOTICES

All notices to County shall be addressed to it at:

Muskegon County Jail
25 W. Walton
Muskegon, MI 49440

All notices to Canteen shall be addressed to it at:

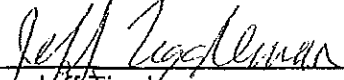
Canteen Services, Inc.
905 N. Church St.
P. O. Box 305
Tekonsha, MI 49092

SECTION 19. GOVERNING LAW

This Agreement shall be governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day and year first above written.

CANTEEN SERVICES, INC.




By: Jeff Tiggleman
Title: President

2-7-2012

Date

MUSKEGON COUNTY



By: Kenneth Mahoney
Title: Board of Commissioners, Chair

2/7/2012

Date

EXHIBIT A

Canteen agrees to operate its food service for Muskegon County under the following terms:

Continuation of all partnership services including purchase of inmate worker uniforms, coffee, and small wares.

The jail will provide Canteen with sufficient inmate workers to operate the food service facility.

Canteen will provide the facility with food service at a set price per meal as outlined below:

Effective 2/01/2012	\$.92/meal
Effective 2/01/2013	\$.96/meal
Effective 2/01/2014	\$1.00/meal

At each anniversary date, prices will be increased or decreased. Price increase or decrease will be based on the Food Away from Home Index All Cities provided by the Department of Agriculture. Price will be based on the CPI with a maximum increase of six percent (6%) yearly.

See attachment for detailed account commitments per agreement.

I. Sales Tax

In the event a determination is made during the term of this Agreement or after the term of this Agreement by the appropriate governmental authority that the payment either in part or in full, paid by the County pursuant to this Agreement, is subject to any sales tax, this tax, together with any interest and/or penalties with respect thereto concerning such payments, shall immediately be reimbursed by County to Canteen, notwithstanding the year in which such determination is made or the fact that this Agreement may have expired or been terminated for any reason by either party hereto prior to the date of such determination is made during the term of this Agreement, the County shall, in addition, from the time of such determination forward, pay such tax to Canteen in the same manner.

II. Credit Terms

Invoices for all meals will be processed weekly. All past-due amounts, over 45 days past billed, due to Canteen will be subject, at the option of Canteen, to a service charge of up to one percent (1%) per month of the unpaid balance.

III. Basis of Financial Terms

The financial terms of this Agreement have been negotiated between the parties upon the conditions that Canteen will operate its Services at the same points of service and remain in operation only the hours agreed to when Canteen begins operations hereunder. If County desires Canteen to operate its Services for additional points of service and/or for additional hours, County and Canteen shall mutually agree on the appropriate financial arrangements for the additional points of service and/or additional hours.

EXHIBIT B

<u>RESPONSIBILITIES OF CANTEEN AND MUSKEGON COUNTY JAIL</u>	<u>CANTEEN</u>	<u>COUNTY</u>
Floor Cleaning - Daily spot mopping of floors in the storage and food service preparation areas	X	
Floor Cleaning--Daily spot mopping of floor in the dining areas and all necessary scrubbing, stripping, and polishing of floor in the storage, food service preparation area and the dining areas		X
Freezers and Refrigerators - Cleaning of shelving, walls, and floor	X	
Freezers and Refrigerator - Cleaning of fans, coils, and condensers		X
Cleaning of cooking utensils, and mixing equipment and utensils, hand utensils, containers, toasters, coffee makers, grills, steam kettles, steamers, can openers, work surfaces, mixers, slicers, grinders, saws, deep fat fryers and skillets, vegetable peelers, sinks, beverage dispensers, mops and buckets, cafeteria tables, eating utensils, trays, tumblers, cups, storeroom shelving, shelving in food preparation and serving areas, ice machine, utensil racks, and utility drawers	X	
Food Costs	X	
Labor Costs	X	
Trustee Labor		X
Paper Goods	X	
Cleaning Supplies	X	X
Uniforms	X	X
Telephone -- Local		X
Telephone -- Long Distance		X
Expendable Replacements		X
Interest on Late Payments		X
Employee Insurance	X	
General Liability	X	
Facilities Liability		X
Maintenance Costs		X
Utilities		X
Dumpster Service		X
Pest Control		X
Food License	X	
Fire Systems		X
Sack Lunch Program	X	
Record Keeping	X	
Equipment Replacement		X
Transport Van		
Fuel Costs		