ARIZONA DEPARTMENT OF EDUCATION

Health and Nutrition Services
1535 West Jefferson Street
Phoenix, Arizona 85007

FOOD PROGRAM
PERMANENT SERVICE AGREEMENT
ADE Contract No. ED09-0001

Revised Summer 2014

_____
("SPONSOR")
(Legal Name of Applicant)

_____
Doing Business As (if applicable).

This Agreement is entered into between the Arizona State Board of Education ("BOARD"), acting through the Arizona Department of Education ("AGENCY"), a state agency of the State of Arizona, and the SPONSOR pursuant to Arizona Revised Statutes ("A.R.S.") §§ 15-203(B)(1) and 15-1152 (and § 11-951 et seq. if the SPONSOR is a public agency). If the SPONSOR is a public agency, the SPONSOR is authorized to enter into this Agreement pursuant to _____
(to be completed by the SPONSOR)

The purpose of this Agreement is to effectuate the National School Lunch Act ("NSLA"), as amended (42 U.S.C. § 1751 et seq.) and the Child Nutrition Act ("CNA") of 1966, as amended (42 U.S.C. § 1771 et seq.).

The SPONSOR enters into this Agreement with the BOARD for participation in one or more of the following programs (the "PROGRAM") (Check those that apply):

1. [ ] National School Lunch Program (CFDA No. 10.555)
2. [ ] School Breakfast Program (CFDA No. 10.553)
3. [ ] Special Milk Program (CFDA No. 10.556)

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A. PROGRAM REIMBURSEMENT

The BOARD agrees, to the extent of funds available subject to Section L of this Agreement, to reimburse the SPONSOR for the above designated PROGRAMs operated by SPONSOR in accordance with the following regulations, and any amendments, which are applicable to such PROGRAMs: National School Lunch Program ("NSLP") Regulations (7 CFR parts 210, 245), Special Milk Program Regulations (7 CFR part 215), School Breakfast Program Regulations (7 CFR part 220). Reimbursement payments to be made by the BOARD shall be subject to the provisions of A.R.S. Title 35 relating to time and manner of submission of claims if not in conflict with federal law. The BOARD also agrees to donate foods in accordance with Donation of Foods for use in the United States, its Territories and Possessions and Areas under its Jurisdiction (7 CFR part 250), and any amendments thereto.

B. PROVISIONS FOR ACCEPTING FUNDS

The SPONSOR agrees to accept federal funds and/or USDA Foods in accordance with applicable regulations as set forth in 7 CFR parts 210-250 and any amendments thereto, Office of Management and Budget ("OMB") Circular A-133 and A-122, as applicable, and to comply with all provisions of said rules and OMB circulars, AGENCY Child Nutrition Program ("CNP") Office Requirements, and with any instructions or procedures issued in connection therewith. The SPONSOR further agrees to administer the PROGRAMs funded under this Agreement in accordance with provisions of the uniform Federal assistance regulations (7 CFR part 3015) and provisions of the uniform administrative requirements (7 CFR parts 3016, 3019).

C. PROGRAM REQUIREMENTS OF THE SPONSOR

The SPONSOR agrees that, for each site listed on the site sheet of the application, it will conduct the above designated PROGRAM(s) in accordance with the U.S. Department of Agriculture ("DEPARTMENT") regulations and will conform to the following requirements in the conduct of each PROGRAM (unless the requirement is restricted to a particular PROGRAM):

1. *FOR NATIONAL SCHOOL LUNCH PROGRAM AND SCHOOL BREAKFAST PROGRAM ONLY*

a. Maintain a nonprofit food service and observe the limitations on the use of nonprofit food service revenues set forth in 7 CFR parts 210.14(a) and 220.7(e)(1).

b. Establish such policies and procedures as are necessary to control the sale of foods in competition with meals served under the PROGRAM. The sale of all non-program food, as defined in 7 CFR part 210.14(f), may, at the discretion of the AGENCY and the SPONSOR, be allowed in the food service area only if all income from the sale of such foods accrues to the benefit of the nonprofit school food service.

c. Promote activities to involve students and parents in the National School Lunch and School Breakfast Programs.

d. Plan menus in order to meet the Dietary Guidelines for Americans and key nutrient levels as set forth in 7 CFR parts 210.10 and 220.8.

e. Maintain production and menu records for meals produced. These records must show how the meals contribute to the required food components, food items or menu items every day, as set forth in 7 CFR parts 210.10 and 220.8. Production records shall include sufficient information to evaluate the menu's contribution to the nutrition standards and the appropriate calorie and nutrient levels for the age/grades of the children in the school, as identified in 7 CFR parts 210.10 and 220.8.

f. Maintain and comply with a financial management system as prescribed by the AGENCY CNP Office, 2 CFR part 200, and 7 CFR parts 210.14(c), 215.7(d), 220.7(e)(1) and 3016.

g. Limit the net cash resources for its nonprofit school food service to an amount that does not exceed three months average expenditures or such other amount as may be approved by the AGENCY in accordance with 7 CFR parts 210.14(b) and 220.7(e)(1).

h. Serve lunches and/or breakfasts and/or after school care snacks during the designated periods, in accordance with 7 CFR parts 210.10 and 220.8, for the number of days specified on the PROGRAM application.

i. Claim no more than one (1) lunch/breakfast/after school care snack per child per day per meal service.

j. Price the meal as a unit. Make lunches/breakfasts/after school care snacks available without cost or at a maximum reduced price of forty (40) cents for lunch, fifteen (15) cents for snacks and thirty (30) cents for breakfast to all children who are determined by the SPONSOR to be eligible for such meals under 7 CFR part 245 and as described in the CNP Guidance Manual.

k. Claim reimbursement at the assigned rates only for reimbursable free, reduced-price and paid lunches and/or after school care snacks and/or breakfasts served to eligible children in accordance with 7 CFR parts 210 and 220.

l. Conduct verification in accordance with 7 CFR part 245.11(i). Report verification results to the AGENCY no later than March 1. Collect and report the number of students who were terminated as a result of verification, but who were reinstated as of February 15. Maintain copies of the verification report and all supporting documentation for the period indicated in Section M of this Agreement.

m. Ensure that the SPONSOR's designated official signing the claim or his/her assigned representative shall be responsible for reviewing and analyzing meal counts to ensure accuracy as specified in 7 CFR part 210.8 and 220.11 governing claims for reimbursement. At a minimum the responsibilities should include:

1. No less than one (1) on-site review of the meal counting and claiming system for the meal service for each school under its jurisdiction for a SPONSOR with more than one site. The on-site review shall take place prior to February 1 of each school year. If the review discloses problems with a school's meal counting or claiming procedures, the SPONSOR shall be required to develop and implement a corrective action plan and a follow-up on-site review must be conducted within forty-five (45) calendar days of the review to determine that the corrective action resolved the problems.

2. No less than two on-site reviews of the meal counting and claiming system for the after school care snack program, if implemented. The first review shall be made during the first four weeks of the school year that the school is in operation. Year round schools or Residential Child Care Institutions shall review the snack program during the first four weeks of its initial year of operation, once more during its first year of operation, and twice each school year thereafter. If the review discloses problems with a school's meal counting or claiming procedures, the SPONSOR shall be required to develop and implement a corrective action plan and a follow-up on-site review must be conducted within forty-five (45) calendar days of the review to determine that the corrective action resolved the problems.

3. Perform edit checks that compare each school's daily counts of free, reduced-price, and paid lunch/breakfast against the product of the number of children in that school currently eligible for free, reduced-price and paid meals, respectively, times an attendance factor. This attendance factor will be developed by the AGENCY.

4. Submit claims for reimbursement in accordance with procedures established by the AGENCY. Claims for reimbursement not filed within sixty (60) days following the last day of the claiming month will be disallowed. Any exception to this requirement will be made at the discretion of the AGENCY and/or DEPARTMENT.

5. SPONSOR shall maintain on file, each month's claim for reimbursement and all data used in the claims review process, by school, for the period indicated in Section M of this Agreement. All Food Service Management Company ("FSMC") contracts, and records which support such contracts, shall be maintained for the period indicated in Section M of this Agreement. The records which are to be kept for each PROGRAM include:

   (I) daily number of meals served to children, by category and type of meal;

   (II) revenue from children's payments, federal reimbursement, food sales to adults, loans to the PROGRAM, all a la carte sales and any other sources to demonstrate that the food service is being operated on a nonprofit basis. The revenue report shall show net cash resources or the information necessary for the AGENCY to compute net cash resources through a review or audit and annual financial report; and

(III) food service expenditures (supported by invoices, receipts or other evidence of expenditures).

n. Failure to submit accurate claims will result in the recovery of an over claim and may result in the withholding of payments, suspension or termination of the PROGRAM as specified in 7 CFR parts 210.24, 210.25, 220.14, 220.18 and 220.19.

o. The penalties specified in 7 CFR part 210.26 shall apply to any SPONSOR who is found to engage in embezzlement, willful misapplication of funds, theft or fraudulent activity in regards to claims submitted.

p. Count the number of free, reduced-price and paid reimbursable meals served to eligible children at the point of service. School sites approved for Special Assistance, Provision 2 are exempt, except they shall do a total count of all children at the point of service. School sites approved for Special Assistance, Provision 3 are exempt from any point of service meal counts.

q. Upon request, make all accounts and records pertaining to its school food service available to the AGENCY and to the DEPARTMENT for audit or review, at a reasonable time and place.

r. Maintain in the storage, preparation and service of food, proper sanitation and health standards in conformance with all applicable state and local laws, regulations and ordinances.

s. Maintain necessary facilities for storing, preparing and serving food and milk.

t. Procurement practices shall be in accordance with the Arizona Procurement Code and Regulations (Charter schools are exempt as set forth in A.R.S. § 15-189.02), 2 CFR part 200 and 7 CFR parts 3015, 3016, 3019, 210.21, 215.14a and 220.16. All claims and controversies shall be subject to the Arizona Procurement Code, A.R.S. § 41-2501 et seq., and Arizona Administrative Code R7-2-1001 et seq. Procurement standards must be submitted to the AGENCY and will be considered a permanent document, unless changes are made by either party. Failure to follow established procedures in the procurement of FSMC services may result in non-renewal of SPONSOR application to participate in the PROGRAMs, or in withholding of reimbursement funds.

u. Purchase, to the maximum extent practicable, only food products that are produced in the United States or products that are processed in the United States substantially using agricultural commodities that are produced in the United States for those PROGRAMs as specified in 7 CFR parts 210.21(d) and 220.16(d).

v. Any contracting for the furnishing of meals or management of the entire food service under the PROGRAM must be conducted in accordance with proper procurement procedures and must be done on a competitive basis in accordance with 7 CFR part 210.16. A FSMC entering into a contract with a SPONSOR shall not subcontract for the total meal, with or without milk, or for the assembly of the meal. SPONSORs contracting with a FSMC shall comply with 7 CFR part 210.16.

A SPONSOR entering into a contract with a FSMC shall not subcontract to the FSMC the following duties and remains individually required to complete such items, perform such tasks or abide by the terms and conditions of the following documents: AGENCY Food Program Permanent Service Agreement, CNP Web applications, CNP Web claim submissions, approving and processing NSLP income applications, access and distribution of benefit status, Benefit Issuance Document, access and use of Direct Certification system, verification procedures, civil rights compliance reporting, USDA Foods orders and procurement of FSMCs, in accordance with 7 CFR part 210.16

w. Submit proposed Invitation for Bid ("IFB")/Request for Proposal ("RFP") to the AGENCY for review and approval. Written approval of the IFB/RFP must be received from the AGENCY prior to advertising for bids/proposals. Submit copies of all contracts with FSMCs, along with a certification of independent price determination to the AGENCY prior to the beginning of PROGRAM operations. Written approval must be received from the AGENCY prior to both parties entering into contract.

x. Individuals with access to CNP Web shall abide by the AGENCY Acceptable Use Policy, which covers the use of electronic communication networks and computer-based administrative applications of the AGENCY. This policy applies to all personnel using these intranet, extranet, internet and administrative resources, including, but not limited to, officials and employees of schools, school districts, charter schools and AGENCY. CNP Web accounts and passwords shall not be provided to consultants, consulting firms or FSMCs contracting with SPONSOR. Individuals who fail to comply will be subject to further action.

y. Each local educational agency participating in a PROGRAM authorized by the NSLA and CNA shall establish a local school wellness policy that includes, at a minimum, goals for nutrition promotion and education, physical activity, and other school-based activities that promote student wellness, as well as nutrition guidelines for all foods available on campus to promote student health and reduce childhood obesity, and guidelines for school meals as specified in Public Law 111-296, Section 204. SPONSORs must permit parents, students, and members of the general public to participate in the development, implementation and periodic review of the wellness policy. SPONSOR shall also periodically measure (and make available to the public) an assessment regarding the implementation of the wellness policy, including the extent to which schools under the jurisdiction of the local educational agency are in compliance with the policy, the extent to which the policy compares to model local school wellness policies, and a description of the progress made in attaining the goals of the policy.

z. As defined in the NSLA, the SPONSOR shall implement a school food safety program, to be applied to any facility or part of a facility in which food is stored, prepared or served for the purposes of the PROGRAM, that complies with any hazard analysis and critical control point system established by the Secretary of Agriculture.

aa. In accordance with 7 CFR parts 210.13(b) and 220.7(a)(2), schools shall obtain a minimum of two (2) food safety inspections during each school year conducted by a state or local governmental agency responsible for food safety inspections. They shall post in a publicly visible location a

report of the most recent inspection conducted, and provide a copy of the inspection report upon request. Sites participating in more than one (1) child nutrition PROGRAM shall only be required to obtain two (2) food safety inspections per year if the nutrition PROGRAMs offered use the same facilities for the production and service of meals.

D. ASSURANCE OF CIVIL RIGHTS COMPLIANCE

1. The SPONSOR hereby agrees that it will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.); Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 et seq.); Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794); the Age Discrimination Act of 1975 (42 U.S.C. § 6101 et seq.); all provisions required by the implementing regulations of the DEPARTMENT (7 CFR parts 15, 15a and 15b); U.S. Department of Justice Enforcement Guidelines (28 CFR parts 50.3 and 42); and DEPARTMENT directives and guidelines to the effect that no person shall, on the grounds of race, color, national origin, sex, age or disability, be excluded from participation in, be denied the benefits of or be otherwise subjected to discrimination under any PROGRAM or activity for which the SPONSOR receives federal financial assistance from the DEPARTMENT; and hereby gives assurance that it will immediately take any measures necessary to effectuate provisions of this Agreement.

2. This assurance is given in consideration of and for the purpose of obtaining any and all federal financial assistance and the permission to use federal property or interest in such property, or the furnishing of services without consideration, at a nominal consideration or at a consideration which is reduced for the purpose of assisting the SPONSOR, or in recognition of the public interest to be served by the furnishing of services to the SPONSOR, or any improvements made with federal financial assistance extended to the PROGRAM SPONSOR by the DEPARTMENT.

3. By accepting this assurance, the SPONSOR agrees to compile data, maintain records and submit reports as required to permit effective enforcement of nondiscrimination laws and permit authorized DEPARTMENT personnel during hours of PROGRAM operation to review such records, books and accounts as needed to ascertain compliance with the nondiscrimination laws. If there are any violations of this assurance, the DEPARTMENT shall have the right to seek judicial enforcement of this assurance.

4. This assurance is binding on the SPONSOR, its successors, transferees and assignees as long as such person or entity receives assistance or retains possession of any assistance from the DEPARTMENT. The person or persons whose signatures appear below are authorized to sign this assurance on behalf of the PROGRAM applicant.

5. AGENCY and SPONSOR shall maintain information on civil rights complaints, if any, submitted and/or received by the SPONSOR, AGENCY or DEPARTMENT, and their resolutions.

E. EQUAL OPPORTUNITY/NON DISCRIMINATION

The Parties of this Agreement shall comply with Executive Order 75-5 as modified by Executive Order 2009-09, which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities and all other applicable state and federal employment laws, rules and regulations, including the American with Disabilities Act. The Parties shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

F. RIGHT OF JUDICIAL ENFORCEMENT; CHOICE OF LAW

The SPONSOR recognizes and agrees that federal financial assistance will be extended in reliance on the representations stated herein and in the Exhibits hereto and that the United States and the State of Arizona, individually or jointly, shall have the right to seek judicial enforcement of the Agreement. This Agreement is made in the State of Arizona and shall be interpreted by the laws of the State of Arizona including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona, the Arizona Procurement Code, A.R.S. Title 41, Chapter 23, A.A.C. R2-7-101 et seq. and A.A.C. R7-2-1001 et seq. Any litigation arising out of this Agreement shall be brought in Arizona.

G. MUTUAL OBLIGATIONS, RESPONSIBILITIES AND WARRANTIES

The AGENCY and the SPONSOR mutually agree that:

1. With the approval of the AGENCY, sites may be added or deleted from the site sheet as the need arises, and the references herein to the site sheet shall be deemed to include the most recently approved site sheet.

2. The AGENCY shall promptly notify the SPONSOR of any change in the minimum meal requirements or the assigned rates of reimbursement.

3. No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit that may arise therefrom; but this provision shall not be construed to extend this Agreement if made with a corporation for its general benefit.

4. This Agreement, and the duties arising hereunder, shall become effective on July 1, 2014 or upon signature by the Superintendent of Public Instruction, or his designee, whichever occurs last. This Agreement shall automatically renew on July 1 of each year, beginning July 1, 2015, unless either party notifies the other at least thirty (30) days before the renewal date of their intent not to renew. Before any amendment or extension may become effective, appropriate action must be taken by

ordinance, resolution or otherwise pursuant to the laws applicable to public agencies entering into this Agreement.

5. The SPONSOR's participation in the PROGRAM(s) under this Agreement is conditioned upon the AGENCY's approval of the SPONSOR's on-line application to the AGENCY through the CNP Web, a fully executed written Agreement with the AGENCY, and, in the event the SPONSOR contracts with a FSMC to manage its food service operation under this Agreement, the AGENCY's review and approval of the SPONSOR's contract(s) with a FSMC prior to the execution of the contract(s) as required in 7 CFR parts 210.9, 210.16 and 210.19. For this Agreement period, reimbursement shall not be made for any meals served before these conditions have been fully met by the SPONSOR.

6. No right or interest in this Agreement shall be assigned or delegated without the written permission of the other party.

7. The SPONSOR shall repay to the federal government or the AGENCY all monies determined by any financial-compliance audit or review to be owed to the federal government or the AGENCY in connection with any PROGRAM for which the SPONSOR has received funds. If the SPONSOR fails to make such repayment within thirty (30) days after demand by the AGENCY, SPONSOR shall also pay all reasonable attorneys' fees based on reasonable hourly charges of like experienced attorneys in Phoenix, Arizona for the Assistant Attorney General representing the AGENCY or the BOARD or the attorney representing the DEPARTMENT in seeking to enforce this paragraph.

8. The Parties to this Agreement agree to resolve all disputes arising out of or relating to the Agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes if not in conflict with federal law.

9. The covenants and agreements herein contained shall inure to the benefit of and be binding upon the parties hereto and their respective successors, transferees and assignees.

H. FREE AND REDUCED-PRICE POLICY STATEMENT

The SPONSOR must supply copies of its PROGRAM Application, Free and Reduced-Price Policy Statement and the Free and Reduced-Price Document Summary to the AGENCY. The Free and Reduced-Price Policy Statement will be considered a permanent document.

I. CONFLICT OF INTEREST; CANCELLATION

1. No employee, officer or agent of the SPONSOR who has, or whose relative has, a substantial interest in any contract, sale, purchase or service to the SPONSOR, shall participate in selection or

in the award or administration of a contract if a conflict of interest, real or apparent, would be involved pursuant to A.R.S. § 38-503 and 7 CFR part 3016.36(b)(3).

2. Pursuant to A.R.S. § 38-511, the State of Arizona, its political subdivisions or any department or agency of either may, within three (3) years after its execution, cancel any agreement, without penalty or further obligation, made by the State of Arizona, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the State of Arizona, its political subdivisions or any of the departments or agencies of either is, at any time while the agreement or any extension of the agreement is in effect, an employee or agent of any other Party to the agreement in any capacity or a consultant to any other Party of the agreement with respect to the subject matter of the agreement. A cancellation made pursuant to this provision shall be effective when the SPONSOR receives written notice of the cancellation unless the notice specifies a later time.

J. AGREEMENT INTERPRETATION AND AMENDMENT

1. No Parole Evidence. This Agreement is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any term used in this document.

2. No Waiver. Either party's failure to insist on strict performance of any term or condition of this Agreement shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3. Written Agreement Amendments. This Agreement may be modified only in a writing signed by all of the parties or their duly authorized agents. Notice required pursuant to this Agreement shall be served personally or by mail upon each party at the addresses specified on the signature page of this Agreement.

K. THIRD PARTY ANTITRUST VIOLATIONS

The SPONSOR assigns to the State of Arizona any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the SPONSOR toward fulfillment of this Agreement.

L. NON-AVAILABILITY OF FUNDS

Every payment obligation of the State of Arizona under this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and

available for the continuance of the Agreement, this Agreement may be terminated by the State of Arizona at the end of the period for which funds are available. No liability shall accrue to the State of Arizona in the event this provision is exercised, and the State of Arizona shall not be obligated or liable for any future payments or for any damages as a result of termination under this Section.

M. RECORDS

Pursuant to A.R.S. §§ 35-214 and 35-215, the SPONSOR shall retain and shall contractually require each subcontractor to retain all data, books and other records ("records") relating to this Agreement for a period of five (5) years after completion of this Agreement or until resolution of an unsolved audit which exceeds the designated time period. All records shall be subject to inspection and audit by the State of Arizona for five (5) years after the termination of this Agreement. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the SPONSOR shall produce the original of any or all such records.

N. COMPLIANCE REQUIREMENTS FOR A.R.S. § 41-4401; E-VERIFY REQUIREMENT

1. The SPONSOR warrants compliance with all federal immigration laws and regulations relating to employees and warrants its compliance with A.R.S. § 23-214(A). (That subsection reads: "After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program.)

2. A breach of a warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of this Agreement and the SPONSOR may be subject to penalties up to and including termination of this Agreement.

3. Failure to comply with a state audit process to randomly verify the employment records of the SPONSOR shall be deemed a material breach of this Agreement and the SPONSOR may be subject to penalties up to and including termination of this Agreement.

4. The AGENCY retains the legal right to inspect the papers of any employee who works on this Agreement to ensure that the SPONSOR is complying with the warranty under paragraph 1 of this Section.

O. TERMINATION/SUSPENSION

This Agreement may be terminated upon thirty (30) days notice in writing by either party. Notwithstanding the foregoing, the AGENCY may terminate this Agreement immediately upon receipt of evidence that the terms hereof have not been complied with by the SPONSOR. Pursuant to 7 CFR part 210.25, whenever it is determined that the SPONSOR has materially failed to comply with the provisions of this Agreement, or with AGENCY/DEPARTMENT guidelines and instructions, the AGENCY may suspend or terminate the

Agreement in whole, or in part. The SPONSOR may also terminate this Agreement by mutual agreement with the AGENCY. The AGENCY and the SPONSOR shall comply with the provisions of 7 CFR part 3015 subpart N, concerning suspension, termination and closeout procedures.

P. CERTIFICATION

The SPONSOR certifies that all information submitted related to the Program is true and correct and understands that deliberate misrepresentation may result in prosecution.

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USDA Foods AGREEMENT

(Applicable to SPONSORs receiving USDA Foods)

Policies/Procedures

1. The AGENCY solicits vendors (Warehouse/Distributor) to distribute DEPARTMENT donated food to eligible SPONSORs. SPONSORs shall receive donated food as required by 7 CFR part 250. The cost of shipping will be paid by the SPONSOR. The SPONSOR is responsible for establishing a purchase order with the delivering vendor. The AGENCY will announce annually the delivery charge (service, handling and administrative fees) and delivery vendor prior to the beginning of the fiscal year. Payments are due to the delivering vendor within the terms to be determined after completion of credit application. Shipments will be withheld if the SPONSOR becomes 30 days late from the agreed credit terms. Failure to pay will result in termination of participation and non-renewal of USDA Foods Program

2. The SPONSOR agrees to pay excess storage and administrative fees for USDA Foods that are not ordered and have not been refused within the designated dwell times.

3. The SPONSOR agrees to accept and order USDA Foods only in quantities that can be used in a six (6) month period in a non-profit School Food service. Any SPONSOR ordering USDA Foods in excess quantities may be held financially responsible for spoilage or contamination which results in the foods being unfit for human consumption. SPONSOR is to notify the AGENCY when any loss of, or damage to, USDA Foods occurs.

4. The SPONSOR shall receive and use USDA Foods only for the benefit of those persons eligible for congregate meals provided by the SPONSOR. Foods will not be transferred or used otherwise without prior written approval of the AGENCY. USDA Foods shall not be sold or traded, but may be transferred with the approval of the AGENCY when determined to be in the best interest of the PROGRAM.

5. The SPONSOR shall maintain evidence that necessary protective measures are maintained when storing donated food. Evidence to support would include, but are not limited to, storage temperature charts verifying proper storage temperatures, pest control schedule and security system used. Documentation must be available to verify that all storage facilities obtained all necessary federal, state and/or local health inspections or if no such inspections are made, a self-evaluation form for storage facilities be completed annually.

6. The SPONSOR shall maintain all records pertaining to transactions relating to receipt, disposal and inventory of USDA Foods. All records required in this agreement shall be retained for the period indicated in Section M of this Agreement.

7. The SPONSOR shall complete, return and maintain a copy of inventory forms provided by the AGENCY. Failure to comply may result in termination of participation in the USDA Foods. The SPONSOR shall comply with instructions from the AGENCY to: (a) distribute remaining inventory of USDA Foods, or (b) return inventories with applicable reports to the AGENCY if a PROGRAM is terminated.

8. Funds received by the SPONSOR from sales of salvable containers or salvage of USDA Foods shall be deposited in SPONSOR's Non-Profit Food Service Account.

9. SPONSORs may elect to participate in the Food Distribution processing programs. Cost of the processing and distribution of the end product will be incurred by the SPONSOR. Participants shall:

a. Follow federal and state procurement rules and regulations in purchasing end products not bid by the AGENCY;

b. Release USDA Foods only to the AGENCY approved processor;

c. Maintain records to support purchase of processed commodity end products; and

d. Be held responsible to fulfill commitments to the AGENCY and processor.

10. The SPONSOR shall permit inspection by the AGENCY or DEPARTMENT personnel of the storage facilities and any other areas used in handling USDA Foods. The SPONSOR shall also allow inspection of all records including financial records pertaining to the USDA Foods.

11. FSMCs may use USDA Foods in the preparation of meals for eligible SPONSORs pursuant to a written contract, which meets the requirements of 7 CFR part 250.12(c). If a FSMC is used, the SPONSOR will submit a copy of the contract to the AGENCY annually. Contracts will ensure that:

a. Any donated food will be used only to benefit the SPONSOR's feeding operation;

b. Proper inventory controls will be maintained;

c. All books and records of the FSMC pertaining to the feeding operation of the SPONSOR will be available for the period indicated in Section M of this Agreement; and

d. The responsibility will be clearly defined for who (the SPONSOR or the FSMC) will be accountable for the payments to be made to the distributor and commodity processors within sixty (60) days of billing.

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SPECIAL MILK PROGRAM AGREEMENT

(Applicable to those SPONSORs participating in Special Milk Program)

THE SPONSOR AGREES TO:

1. Operate a nonprofit milk service.

2. Submit claims for reimbursement and maintain a financial management system in accordance with procedures established by the DEPARTMENT and the AGENCY.

3. Make no physical segregation or other discrimination against or overt identification of any child because of his/her inability to pay the full price of the milk.

4. Make free milk available (if applicable) to all eligible children whenever it is provided under the Special Milk Program.

5. Make maximum use of the reimbursement payments to reduce the price of the milk served to paying children and maintain a nonprofit status (not applicable to non-pricing programs).

6. Claim reimbursement only for fluid types of milk as defined in 7 CFR part 215.2 served to children at the assigned rate for the classification of paid (or free, if applicable) in accordance with 7 CFR parts 215.8 and 215.10.

7. Maintain full and accurate records of the PROGRAM operation including the number of half-pints of milk served to children, the number of half-pints of milk served to adults and the number of half-pints of milk served free to eligible children if free milk is provided.

8. Furnish a written statement of the policy followed in making determinations as to eligibility of children receiving free milk. Such policy shall be consistent with the rules issued by the DEPARTMENT on this subject (7 CFR part 245) (required only for pricing programs providing free milk to children).

ARIZONA DEPARTMENT OF EDUCATION

Health and Nutrition Services
1535 West Jefferson Street
Phoenix, Arizona 85007

FOOD PROGRAM
PERMANENT SERVICE AGREEMENT

Revised Summer 2014

CLEAN AIR/CLEAN WATER ACT COMPLIANCE

(Applicable to SPONSORs receiving $100,000 or more in federal funds)

1. The SPONSOR agrees that any facility to be utilized in the performance of this Agreement is not listed on the Environmental Protections Agency ("EPA") List of Violating Facilities (the "List") as of the date of submitting this Agreement.

2. The SPONSOR further agrees that it shall not use any facility on the List in the performance of this Agreement for the duration of the time that any such facility remains on the List.

3. The SPONSOR further agrees to notify the AGENCY if it intends to use in the performance of this Agreement any facilities on the List or learns or knows that the facility being used has been recommended to be placed on the List.

4. The SPONSOR additionally agrees that it shall, in the performance of this Agreement, comply with all requirements of the Clean Air Act (42 U.S.C. § 7401 et seq.) and the Clean Water Act (33 U.S.C. § 1251 et seq.) including the requirements of section 114 of the Clean Air Act and Section 308 of the Clean Water Act and all applicable Clean Air standards and Clean Water standards.

5. The SPONSOR further agrees that it shall comply with all applicable standards, orders or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. § 7606), Section 508 of the Clean Water Act (33 U.S.C. § 1368), Executive Order 11738 and EPA regulations found in 40 CFR part 15 (which prohibit the use of facilities on the List). In addition to notifying the AGENCY of facilities to be used which are on the List, SPONSOR also agrees to notify the EPA Assistant Administrator for Enforcement.

ARIZONA DEPARTMENT OF EDUCATION

Health and Nutrition Services
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Phoenix, Arizona 85007

FOOD PROGRAM
PERMANENT SERVICE AGREEMENT

Revised Summer 2014

CERTIFICATION PAGE

(Applicable to SPONSORs with governing boards only;
must be completed and signed before signature page.)

INSTRUCTIONS: The following information must be inserted into the Certification Section below.

(1) County in which the governing board is located.
(2) Name of governing board member authorized to sign this certification page.
(3) City in which governing board meeting regarding the Food Program Permanent Service Agreement was held.
(4) Date of governing board meeting.
(5) Legal name of the SPONSOR.
(6) Name of designated official who will be signing the Food Program Permanent Service Agreement (same designated official as on line 1 of the signature page of this Agreement).
(7) Signature of governing board member (same name as on line (2) of this certification page).
Please note that a governing board member *cannot* designate himself or herself as the *Designated Official*.

CERTIFICATION

State of Arizona)

County of (1) _____)

I, (2) _____, the duly appointed or elected and qualified
Name of Governing Board Member

member of, and acting on behalf of the governing board, do hereby certify that during a regular meeting held in (3) _____ Arizona, on (4) _____, this governing board, by motion made, seconded and carried, approved and authorized execution of an agreement between the (5) _____ and the State Board of Education (BOARD) for the purpose of participating in the National School Lunch Program, School Breakfast Program, and/or Special Milk Program, for the period beginning July 1, 2014.

(6) _____ has been designated by the governing board to sign this Agreement.
Name of Designated Official
(Cannot be the same as (2) above)

I further certify that this meeting was duly noticed, called and convened and was attended by a majority of the members of the governing board and that approval has not since been altered or rescinded.

(7) _____
Signature of Governing Board Member
(Same as (2) above)

ARIZONA DEPARTMENT OF EDUCATION

Health and Nutrition Services
1535 West Jefferson Street
Phoenix, Arizona 85007

FOOD PROGRAM
PERMANENT SERVICE AGREEMENT

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SIGNATURE PAGE

AGREED TO AND SIGNED:

1. _____ _____
(Print or Type Name and Title) (Signature of Designated Official if applicable)
[Same as item (6) on Certification Page]

_____ _____
(SPONSOR) (Date)

Address _____

OTHER AUTHORIZED SIGNATURES

2. _____ _____
(Print or Type Name and Title) (Signature)

3. _____ _____
(Print or Type Name and Title) (Signature)

4. _____ _____
(Print or Type Name and Title) (Signature)

FOR OFFICIAL USE ONLY

STATE BOARD OF EDUCATION

_____
(Superintendent of Public Instruction or Designee) (Date)
1535 West Jefferson, Phoenix, Arizona 85007