Western Carolina University
Contract No: 73-RFP-00775
Exhibit C

Financial Model
Annual Guaranteed Maximum Percentage of Services

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I. DEFINITIONS

As used in this Agreement, the capitalize terms below shall have the following meanings:

"Annual Guaranteed Maximum Percentage" shall mean the maximum percentaghe of Revenues the University will fund. Anything over the AGMP will be the responsibility of the Contractor. AGMP calculation shall be calculated by dividing the Estimated Operating Costs by the Estimated Annual Revenue. The resulting percentage shall represent the combined proportion of food, labor, and direct costs.

"Capital Investment" shall mean the funds to be provided by Contractor to University for purposes of funding capital improvements to University's Dining Service Facilities.

"Cash Sales" shall mean all revenue generated by the cash, credit card, debit card in any Dining Service Facility, less sales tax.

"Catering" shall mean the food and beverage service provided by Contractor at the Facilities and any off-site locations for meetings, conferences, dinners, parties and other special functions as requested by University or a third-party with the approval of University.

"Cost of Business" shall mean all allowable costs related to operating the Dining Services as set forth in Section H herein.

"Credit" shall mean the amount credited monthly to the operating statement.

"Day" shall mean a calendar day, unless specifically indicated otherwise in the Agreement.

"Dining Service Facilities" or "Facilities" shall mean all locations on the University campus where Contractor shall render the Dining Services.

"Estimated Operating Costs" shall mean the estimated cost of Food, Labor and other expenses anticipated to operate the Dining Facilities, as agreed on by both Parties prior to Academic start of the year.

"Estimated Annual Revenue" shall mean the mutually agreed upon Revenue projection for the applicable fiscal year. Revenue includes all University dining program receipts, as well as Contractor's receipts in residential dining, retail dining, catering, vending, concessions, convenience stores, and all other cash, check, and credit card sales.

"Fiscal Year" shall mean the period of July 1 through June 30 of each year of the Term.

"Fixed Management Fee" shall mean the agreed upon fee that the Contractor will

be compensated monthly, minus the variable fee.

“Incentive Fee” is the amount the Contractor can earn if they exceed the KPI targets

"Meal Plan" shall mean the residential dining plans that are offered for sale by the University to its students, faculty and staff.

“On-site Personnel” shall mean all Contractors staff either hourly or management who work directly on site at the University.

"Operating Days" shall mean the days in which the Contractor provides Dining Services, inclusive of all Board Days and all other days in which the Contractor provides retail, catering, concession or camp services to the University.

“Parties” shall mean the University and Contractor together, each as a “Party”.

"Products" shall mean those food products, non-alcoholic and alcoholic beverages, and other such expendable articles provided by Contractor as part of the Services.

“Revenues” shall mean all Meal plan sales, Catering, Cash sales, Concessions and any other sales from the operation of the Dining Services.”

"Services" or "Dining Services" shall mean the exclusive dining services, including the sale of food, beverages, goods and other items, provided by Contractor for University at the Facilities, including for residential dining, retail, catering, concessions, conferences, camps, and other locations as may be mutually agreed by the Parties in writing.

"University" shall mean Western Carolina University.

“ Variable Management Fee” The amount of the total Management Fee the Contractor will risk based on achieving KPI targets.

II. FINANCIAL MODEL

A. FINANCIAL MODEL

1. The financial arrangement for the University is an Annual Guaranteed Maximum Percentage of services ("AGMP") for all Dining Facilities.
2. Per the payment terms set forth below, the University shall reimburse the Contractor an amount equal to the Contractor's Cost of Business to provide the Services. Costs of Business shall be determined on an actual basis and shall consist of the sum of the items outlined in Section I "Allowable Costs of Business".
3. During the Term of this Agreement the Contractor's annual compensation is divided into three parts:
    a) **Fixed Management Fee:** University shall pay Contractor an annual Fixed Management Fee. This fixed fee is the total management fee minus the variable portion at risk. It is divided by twelve and charged in equal parts each month to the University for the applicable fiscal year.
        - For the 2027–2028 fiscal year, the Fixed Management Fee shall be TBD ($0.00).

    b) **Variable Management Fee**: The Contractor shall place X percent (X%) of total management fee at risk each contract year based upon achievement of the KPIs. The amount at risk shall be deducted from the Management Fee otherwise payable to the Contractor if the applicable KPI performance requirements are not achieved.
        - For the 2027–2028 fiscal year, the Variable Management Fee shall be TBD ($0.00).

    c) **Incentive Fee:** Contractor may also be entitled to a Incentive Fee as set forth herein. The Incentive Fee shall be based on exceeding the KPI's (Key Performance Indicator) outlined in section III Performance Metrics of this document. The Incentive Fee for each KPI for the 2027- 2028 Academic Year are as follows:
        - Student Satisfaction Survey – $x
        - Quality Assurance - $x
4. Attainment of the Incentive Fee KPI is not contingent upon achieving all KPI targets. For example, if the Contractor does not meet the target for one KPI but successfully achieves the targets for the remaining KPIs, the Contractor shall retain the incentive amounts associated with the KPIs achieved.

B. ANNUAL COSTS

1. Annual Guaranteed Maximum Percentage (AGMP): The Annual Guaranteed Maximum Percentage ("AGMP") shall be calculated by dividing the Estimated Operating Costs by the Estimated Annual Revenue. The resulting percentage shall represent the combined proportion of food, labor, and direct costs; and shall serve as the basis for evaluating and monitoring the Contractor's financial performance under this Agreement. The Parties agree that, for the 2027–2028 academic year, that total operating costs (not including Contractor's management fees) shall not exceed eighty-point nine percent (80.9%) of the mutually agreed upon Estimated Annual Revenue of $28,488,584. **Please note the AGMP percentage and Annual Revenues are for example purposes only**.
2. An AGMP will be prepared by the Contractor and will be presented to the University by April 1st of each year. The University shall review, and at their discretion, approve the AGMP. Dollar amounts greater than the combined AGMP will be one hundred percent (100%) the responsibility of the Contractor.
3. The operating assumptions underlying the AGMP include available enrollment, hours/days of operations, menu and pricing flexibility, number of concepts/zones, character/proximity of competitive retail offerings, projected Product and Labor Costs, staffing and similar tactical plans during the Operating Year (the "AGMP Assumptions"). If any of these mutually agreed upon AGMP Assumptions materially change or are not met, then the parties shall, in good faith, negotiate and implement a mutually agreeable adjustment to the financial or operating terms of this Agreement (or some combination of both) and/or adjust the AGMP on a mutually agreeable basis to account for the failure to meet such assumptions. The Contractor shall first look to reduce operating expenses, as permitted by this agreement and with approval of the University, as required to maintain the AGMP prior to requesting a AGMP Adjustment.
4. If the Parties cannot agree upon mutually agreeable adjustments and/or a renegotiated AGMP both Parties may follow the termination language in the Master Services Agreement.

C. CONTRACTORS VOLUME ALLOWANCES

1. The Contractor shall provide a credit (the "Operating Credit") on each monthly operating statement in an amount equal to X percent (X%) of the corresponding invoice cost of food, supplies and non-alcoholic beverages purchased by Contractor for the performance of the food services that are purchased through Contractors designated national broad- liner distributor. For clarification the Operating Credit does not apply to purchases from local purchasing sources or with respect to some national brands.
2. The monthly Operating Statements shall list the Operating Credit as a single line item. The parties acknowledge and agree that the Operating Credit provided to University herein is in lieu of remittance to University of all or any portion of the Volume Allowances received by Contractor; it being further acknowledged and agreed that Contractor shall have the right to receive and retain in full all Volume Allowances associated with the performance of the food services herein. Without limitation of the foregoing, Contractor shall provide a report to University, in form and substance mutually agreed by the parties, stating as a percentage of the food costs upon which the Operating Credit was calculated for a given period, the percentage of Volume Allowances received by Contractor on the corresponding purchases for the applicable period (the "VA Report"); it being acknowledged and agreed that the VA Report shall (a) be provided as set forth in Table A below, (b) include all information in an aggregated, anonymized manner, grouped by mutually agreed product category (e.g. disposables, produce, etc.), and (c) in no event shall include vendor, product, or SKU-level detail or otherwise require Contractor to include or list any information, which, in Contractor's sole business judgement, is competitively sensitive or disclosure of which may otherwise violate the terms of confidentiality set forth in its applicable agreements with suppliers, distributors and similar third parties.

Table A

Report Due Date	Reporting Period Covered
January 15th	July 1st – December 30th
July 15th	January 1st – June 30th

D. UNIVERSITY BRANDED DINING CONCEPTS

1. Notwithstanding any Contractor purchasing standards, proprietary distribution agreements, preferred vendor programs, or purchasing compliance requirements, Contractor shall purchase and utilize such food products, ingredients, packaging, supplies, and related items as are required by the University to maintain the authenticity, quality, and integrity of the University's branded dining concepts.

   Contractor acknowledges that certain products designated by the University may not be available through Contractor's approved suppliers or may not meet Contractor's purchasing specifications. In such instances, Contractor shall procure

and utilize the University-designated products as directed by the University. Contractor shall not substitute, alter, replace, or discontinue any required product, ingredient, recipe component, packaging item, or supply associated with a University branded concept without the University's prior written approval.

Any additional costs associated with the procurement of University-required branded concept products shall be included as an allowable operating expense of the dining program unless otherwise agreed to in writing by the parties.

E. RENEGOTIATION OF FINANCIAL TERMS

1. The Parties will agree to meet at the end of each Fiscal Year to determine the reasonableness of the AGMP under the Agreement. The Contractor will recommend the following fiscal year's AGMP for review by the University. The University will at its discretion approve or reject the AGMP. Upon agreement by both Parties, the Financial Terms may be further adjusted the following Fiscal Year.

F. PRE-BILLING

1. The supplier will pre-bill one Accounting Period of estimated Allowable Operating Expenses (including the estimated Management Fee and sales taxes) on the first of the month preceding the upcoming Accounting Period and apply the final bills against the pre-bill at the end of each subsequent Accounting Period. Payment will be due within thirty (30) days of invoice receipt by electronic funds transfer. Any variance will be reconciled with the University at the end of the subsequent Accounting Period. For example, on May 1st, the Contractor will send the University a pre-bill for the month of June. At the end of the June Accounting Period, the Contractor will reconcile the pre-bill with the actual expenses in its invoice to the University for any overpayments within thirty (30) days of the monthly reconciliation.
2. If the actual expenses are less than the pre-bill the Contractor will reimburse the University for any excess from the pre-bill payment within thirty (30) days of the monthly reconciliation.
3. Pre- billing and invoicing timeline example: For the month of July the Contractor would present the pre-bill on June 15th. The June invoice / reconciliation would be presented July 15th for payment for any overpayment and with any credit being reimbursed to the University.

G. RENEGOTIATION OF FINANCIAL TERMS

1. The Parties will agree to meet at the end of each Fiscal Year to determine the reasonableness of the AGMP under the Agreement. The Contractor will recommend the following fiscal year's AGMP for review by the University. The University will at its discretion approve or reject the AGMP. Upon agreement by both Parties, the Financial Terms may be further adjusted the following Fiscal Year.

H. PAYMENT TERMS

1. Within fifteen (15) days of the end of a month, the Contractor shall invoice or reimburse the University for:
    a) The Contractor's Cost of Business, and (b) the Management Fee earned during the previous month. Upon review and verification of services received, payment shall be made by the University. For billing purposes, the billing period will end at the end of the accounting period as set forth on Aramark's fiscal calendar.
2. At a minimum, the following information shall be furnished on all invoices (invoices must include line-item detail): (i) accounting period covered; (ii) total Cost of Business for the period covered; (iii) reimbursement requests for any miscellaneous costs that are not Cost of Business, including the specific item, purpose, justification, and cost; and (iv) the Management Fee due for such month.
3. All amounts due to the Contractor shall be paid within thirty (30) days of the invoice date or will be considered past-due. Except for invoices for catering, which may be paid by customer credit card. Past-due amounts due to the Contractor will be subject, at the Contractor's option, to a service charge of up to 1.5% per month of the unpaid balance. All costs of collection of past-due amounts including, but not limited to, reasonable attorneys' fees and costs, shall be chargeable to and paid by the University.
4. To minimize the monthly exchange of cash between the Parties and to support the Contractor's cash position to cover its Cost of Business, the Parties agree that the Contractor shall collect and retain all proceeds from retail, Catering, Vending, Concession sales and applicable streams of revenues. These collected amounts from all applicable revenue streams shall be an offset/Credit against the monthly Cost of Business billed.

I. CONTRACTOR FINANCIAL REPORTING GUIDELINES

1. The Contractor shall provide a detailed Cost of Business and Net Sales statement, submitted monthly and a summary at the end of each year of the Agreement, identifying all sources of revenue by facility from where the sales were generated. The Cost of Business and Net Sales statements shall be accurately computed and submitted to the University by the 15th business day following the close of each Accounting Period. The Contractor shall provide complete records of the total amount of food served to students and the number of students served daily by meal shall be maintained and certified to be accurate by the Contractor upon request by the University. Transaction detail and balance sheet backup shall be available and provided to the University at its request. The Contractor shall produce reliable and accurate Operating Statements. The Contractor shall accommodate all reasonable requests from the University for changes and additions to reporting formats.
2. The Contractor shall, to the extent specifically applicable to the obligations set forth in this Agreement, including without limitation, the Dining Services as provided by the Contractor hereunder, comply with the requirements of the Gramm Leach Bliley Act ("GLB") dealing with the confidentiality of customer information and the safeguards rule. Covered data and information include Student Financial Information, required to be protected under the GLB. Examples of student financial information include addresses, phone numbers, bank and credit card account numbers, income and credit histories, and Social Security numbers.

J. ALLOWABLE COST OF BUSINESS

1. "Cost of Business" shall include the direct and actual cost paid by the Contractor for the following allowable items, unless otherwise mutually agreed by the Parties (which, for clarification, includes those items referenced below as Allocated Charges):
    a) Food, beverages, supplies, and other products for resale as part of the Dining Services.
    b) Paper supplies and disposable ware for use in the Dining Services.
    c) Salaries and wages for onsite employees, either on a full-time or part-time basis, including but not limited to overtime, vacation pay, holiday pay, severance pay, pension cost, approved bonuses, sick pay, and other similar salaries and wages.

d) Actual costs of gross payroll, payroll taxes and employee benefit costs. Such costs include medical plans, life insurance, FICA, FUI, SUI, Workers' Compensation insurance, state disability insurance, 401(k) and payroll and benefit plan preparation and processing, and costs imposed due changes in any federal, state, or local law including regulatory or legislative mandates, and legal costs ("T&B Rate").

e) Employee shift meals.

f) Employee parking (upon prior approval by University).

g) Hiring costs and background checks for onsite employees.

h) Temporary agency labor, where said use is agreed by the University.

i) Employee training and recognition for on-site employees.

j) Uniforms.

k) Employee relocation expenses for on-site employees.

l) Time clock charges.

m) Employee attendance at seminars or conferences that benefit the University (upon prior approval by the University).

n) Reasonable and approved travel expenses (upon the University advance approval).

o) Laundry service.

p) Linens.

q) On-site office supplies (e.g., postage, paper, etc.).

r) Music, entertainment, flowers and decorations.

s) Printing.

t) Smallwares (e.g., china, glass, cutlery, and miscellaneous kitchen wares) with prior approval by University.

u) On-site equipment rental and/or leases.

v) Maintenance and repair for the University Dining Services equipment with prior approval from the University.

w) Computers, software, and equipment necessary for the Contractor's operations at the site, including associated maintenance costs.

x) Hardware, leases, licenses, and fees for customer-facing technology.

y) Vehicles for food service (truck, van, golf carts).

z) Gasoline and vehicle maintenance.

aa) Business and operating licenses and permits directly related to the dining services.

bb) Cleaning and sanitation services and supplies.

cc) Pest control (to the extent not paid by the University).

dd) Electricity, gas, water, sewer service (to extent not paid by the University), and waste removal (trash, recycling, composting, grease).

ee) Cell phones and wireless charges for business use.

ff) Marketing, promotions, merchandising and merchandising materials for the dining program.

gg) License and permit costs for any Alcohol Beverage Control permits, license/inspection and any other permits or licenses.

hh) Storage expenses.

ii) Freight expenses.

jj) Inspection fees required by law or by the University.

kk) Franchise fees, license fees, and/or commissions payable for the University-approved product concept/licensing contracts, to include fees for assuming or replacing the University-owned franchise agreements.

ll) Banking fees and charges.

mm) Capital investments and funding.

nn) Credit card, bank card service, transaction fees, courier, armored car service, subcontracted services charges as approved by the University.

oo) Insurance charges and premiums (e.g., liability, auto, workers comp) as required in the Agreement.

pp) Costs related to corporate support or services will be considered on a case-by-case basis and accepted or rejected by University in writing to the contractor.

K. NON-ALLOWABLE COSTS

1. The Contractor shall not be entitled to bill the following items as a "Cost of Business" unless approved by the University:

   a) Wages, salaries, benefits, severances, and bonuses of corporate office employees and general, administrative, executive and management officers.

   b) Home office management costs such as general management overhead, transportation of management personnel, and any other indirect management costs.

   c) Corporate or regional office accounting expenses, including costs of producing corporate financial reports including any administration costs for payroll and interest.

   d) Damages incurred and/or amounts paid for repairs or replacement of equipment as the result of the negligent or grossly negligent acts or omission of the Contractor's employees.

e) Money or other property that is lost or stolen if such loss or theft is the result of the Contractor's negligence.

f) Inventory interest or carrying cost.

g) Home office or outside counsel legal expenses.

h) All corporate taxes (except employer/payroll tax and sales tax directly).

L. PURCHASING:

1. Except as noted in Section D, "University Branded Dining Concepts," contractor will select, purchase and pay for, as a Cost of Business, all food, supplies and services in connection with the Services, which purchases will be made through Contractor's purchasing programs. Contractor reserves the right, in its sole discretion, to determine specific brands, product lines and other purchasing decisions, subject to compliance with the standards for the Services as set forth in this Agreement. Contractor may receive certain discounts, rebates, allowances and other payments from its manufacturers, suppliers and distributors (individually and collectively, the "Vendors"). These rebates and allowances will be shared with the University as outlined in section C of this document. If an affiliated company or division of Contractor furnishes product, equipment or services necessary in connection with the Services, the associated prices charged to University will be competitive with those prices from an independent source in the open market.

III. PERFORMANCE METRICS

A. VARIABLE MANAGEMENT FEE

1. The Parties agree to establish a performance metrics program to align annually on Key Performance Indicators ("KPI's") that will improve the dining program at the University. KPI's will be recommended by the Contractor and approved by the University no later than June 30 of each Fiscal Year for implementation at the beginning of the following Fiscal Year.
2. **Variable Management Fee.** To retain and earn the Variable Management Fee, the Contractor must achieve the Key Performance Indicator ("KPI") targets established and mutually agreed upon by the Parties. The Variable Management Fee shall be allocated among the applicable KPIs based upon the weighting established by the Parties. The Contractor may earn a portion of the Variable Management Fee based upon partial achievement of the applicable KPI targets. Any portion of the Variable Management Fee associated with KPIs that are not achieved shall be forfeited and shall not be payable to the Contractor.

3. **Incentive Fee** The intent is to reward an incentivize the Contractor, and the Contractor's On-Site Personnel. At the end of each Fiscal Year, the Parties shall evaluate the Contractor's performance against the agreed upon KPI's. If the University determines in its reasonable discretion that the Contractor Exceeds an established KPI target, the Contractor shall earn the amount associated with such KPI, and the amount becomes part of the Incentive Fee. The University recommends that a portion of the Incentive Fee is distributed to the Contractors On – Site Personnel at the University. The University shall not be a part of the Contractor's distribution to the Contractor's employees
4. The Contractor will invoice the University at the end of the academic year for the Incentive Fee.
5. The University and Contractor will meet and agree upon the performance metrics program within thirty (30) calendar days of the start of the Academic year.
6. The University, or its designee, or agents may conduct random Agreement compliance, financial, quality, and sanitation assurance audits of the Services without Contractor approval at any time. Contractor shall provide and implement an improvement plan upon the University's request.

B. 2027 -2028 KEY PERFPRMANCE INDICATORS (SAMPLE KPI)

1. **Facilities Quality Assurance Scores** - Quality Assurance assessments will be conducted by a Third Party unannounced at Residential Dining Halls and at the retail operations twice annually. Contractor must achieve a minimum aggregate quality assurance score of 87% for Residential Dining and 89% for Retail to achieve the Incentive Fee. The Contractor must achieve both aggregate scores to receive the Incentive Fee.
2. **Student Survey** - Overall Experience Score in the annual "Student Dining Survey" conducted by a Third Party annually. Contractor must achieve a minimum overall dining student satisfaction score of 77% "Meets Needs" in the Dining Halls and a overall dining positive performance gap in all retail locations to attain the Incentive Fee. Contractor may achieve a 50 % incentive if one out the two KPI's are met.

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