

**INDIANA STATE UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE COMMITTEE AGENDA  
December 15, 2017  
8:30 a.m. – 9:30 a.m.**

**Recommendation Items:**

- 1. Proposed Amendment to Sodexo Operating Contract**

**Informational Items:**

- 1. Review and acceptance of FY17 Audited Financial Statements**

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**Schedule of Regular Review Items:**

**July/August – Review Investment Performance of Operating Funds  
Review Capital Project Plan  
Review State Budget Request (only in even years)**

**October – Review Voluntary Employee Benefit Association (VEBA) Trust Fund  
Annual Financial Audit Update**

**December – Review Audited Financial Statements  
Review Proposed Housing and Dining Rates**

**February – Review Federal Audit  
Discussion of Preliminary Budget Planning Assumptions  
Review Debt Plan**

**May/June – Review Proposed Tuition and Fees (only in odd years)  
Review Final Proposed Operating Budgets**

**RECOMMENDATION ITEMS:**

**1. Proposed Amendment to Sodexo Operating Contract**

The University has negotiated an amendment to the existing services agreement with Sodexo dated February 22, 2011 to provide funding sufficient to complete desired facilities/equipment renovations and enhancements to the Hulman Memorial Student Union. Proposed modifications to the existing agreement and subsequent amendments are shown below in red.

**Recommendation:** Approval of the proposed Sodexo services agreement amendment as presented.

AMENDMENT

INDIANA STATE UNIVERSITY BOARD OF TRUSTEES

AND

SODEXO SERVICES OF INDIANA LIMITED PARTNERSHIP

THIS AMENDMENT, dated November 20, 2017 is between INDIANA STATE UNIVERSITY BOARD OF TRUSTEES ("ISU") and SODEXO SERVICES OF INDIANA LIMITED PARTNERSHIP ("Sodexo").

W I T N E S S E T H:

WHEREAS, ISU and Sodexo entered into a certain Management Agreement, dated February 22, 2011 as amended ("Agreement"), whereby Sodexo manages and operates ISU's Food Service operation in Terre Haute, Indiana;

WHEREAS, the parties now desire to further amend the aforesaid Agreement;

NOW, THEREFORE, in consideration of the promises herein contained and for other good and valuable consideration, the parties hereto agree as follows:

1. Section 2.1 is deleted in its entirety with the following substituted therefor:

"2.1 Accounting Period. A period of a calendar month, twelve (12) of which shall constitute an accounting year."

2. Section 3.3 is deleted in its entirety with the following substituted therefor:

"3.3 Food Service Exclusive. ISU grants Sodexo the exclusive right to perform Services on or from the Premises, except as follows: Sodexo shall only have the exclusive right to provide Services at ISU's Hulman Memorial Student Union, Heritage Lounge and Heritage Ballroom, ISU Common Banquet space, University Hall Atrium, **Normal Hall Rotunda, Federal Hall Magna Carta room, and concessions at Memorial Stadium and Baseball Stadium, except for Terre Haute Rex home games**, and at such other locations as are mutually agreed upon by the parties. ISU grants

Sodexo and its affiliates the right to bid on the procurement of furnishings, fixtures and equipment and on the provision of design services related to the Premises on terms to be agreed upon.

3. Section 8.4 is deleted in its entirety and the following substituted therefor:

“8.4 Investments.

A. Previous Investment 1. On or about July 1, 2010, Sodexo provided for the purchase of equipment and facility enhancements to the Food Service operations in an amount not to exceed Five Hundred Thousand Dollars (\$500,000.00) (“Previous Investment 1”). As of June 30, 2016, the total unamortized amount for Prior Investment 1 is One Hundred Ninety-Four Thousand Three Hundred Seventy-Three and 49/100 Dollars (\$194,373.49). Sodexo shall re-amortize the unamortized portion of Prior Investment 1 on a straight-line basis over fifteen (15) years, commencing July 1, 2016. Such amortization shall be charged as an operating expense of the Food Service operation. ISU shall own the Previous Investment 1.

B. Previous Investment 2. Sodexo provided for the purchase of equipment and facility enhancements to the Food Service operations in an amount not to exceed Two Million Nine Hundred Thousand Dollars (\$2,900,000.00) (“Previous Investment 2”). As of June 30, 2016, the total unamortized amount of Prior Investment 2 is One Million Five Hundred Fifty-Three Thousand Four and 71/100 Dollars (\$1,553,004.71). Sodexo shall re-amortize the unamortized portion of Prior Investment 2 on a straight-line basis over fifteen (15) years, commencing July 1, 2016. Such amortization shall be charged as an operating expense of the Food Service operation. ISU shall own the Previous Investment 2.

C. Investment 3. On or about July 1, 2017 Sodexo shall pay to ISU an amount equal to Five Million Dollars (\$5,000,000.00) (“Investment 3”) for the renovation of the Sycamore Dining Hall. Sodexo shall amortize Investment 3 on a straight-line basis over fourteen (14) years, commencing with the date payment is made. Such amortization shall be charged as an operating expense of the Food Service. ISU shall own Investment 3, excluding proprietary equipment and signage utilized in the Branded Concepts operation.

D. Investment 4. On or about October 18, 2017 Sodexo shall pay to ISU an amount equal to One Million Dollars (\$1,000,000.00) (“Investment 4”) for the renovation of HMSU Retail Space. Sodexo shall amortize Investment 4 on a straight-line basis over fourteen (14) years, commencing with the date payment is made. Such amortization shall be charged as an operating expense of the Food Service. ISU shall own Investment 4, excluding proprietary equipment and signage utilized in the Branded Concepts operation.

If prior to the complete amortization of any of the above Investments any of the following events occur:

(i) this Agreement expires or is terminated in whole or in part;

(ii) this Agreement is amended and such modification has an adverse economic impact on Sodexo; or

(iii) Sodexo's procurement programs are no longer utilized for the purchase of goods in connection with the Services provided under this Agreement;

then ISU shall reimburse Sodexo, on the expiration date, or within five (5) days after receipt by either Party of any notice of termination under this Agreement or within ten (10) days after the occurrence of (ii) or (iii) above, the unamortized portion. ISU agrees to de-identify and, if applicable, remove any proprietary elements of the Investment as directed by Sodexo. ISU shall, within five (5) days after Sodexo's request, execute a U.C.C. financing statement and Sodexo may put the same of record to secure its lien on the unamortized portion of any of the above Investments."

4. Section 10.8 is amended to reflect that the notification address under Sodexo shall read:

"Sodexo Services of Indiana Limited Partnership  
Attention: Law Department  
9801 Washingtonian Blvd., Dept. 51/899.74  
Gaithersburg, Maryland 20878"

5. This Amendment is effective October 18, 2017, and thereafter, unless amended. All other terms and conditions contained in the Agreement shall remain unchanged and in full force and effect, except by necessary implication.

IN WITNESS WHEREOF, the duly authorized officers of the parties have executed this Amendment, as of the date indicated in the first paragraph of this Amendment.

INDIANA STATE UNIVERSITY BOARD OF TRUSTEES

By: \_\_\_\_\_  
Diann McKee  
Senior Vice President of Finance and  
Administration/University Treasurer

SODEXO SERVICES OF INDIANA  
LIMITED PARTNERSHIP  
By SODEXO MANAGEMENT, INC., its General

Partner

By: \_\_\_\_\_  
Amy R. Buratti  
Senior Vice President, Universities North America West

## **INFORMATIONAL ITEMS:**

### **1. Review and Acceptance of FY17 Audited Financial Statements**

The 2016-17 audited financial statements received an unmodified audit opinion from the Indiana State Board of Accounts reflecting the FY17 financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The Indiana State University 2016-17 Financial Report is available at: [Financial Report FY17.pdf](#)