

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between The City of Philadelphia (the "City"), by and through its Office of Inspector General ("OIG"), Strother Enterprises, Inc. ("Strother"), and ARAMARK Correctional Services, LLC ("ACS"). The City, Strother, and ACS are collectively referred to as "the Parties."

PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. ACS is organized under the laws of Delaware, with its headquarters in Philadelphia, Pennsylvania, located at 1101 Market Street. The City, acting through its Philadelphia Prison System ("PPS"), and ACS entered into agreements in September 2005 and October 2009 (the "Prison Food Services Contracts") for ACS to provide food services to correctional facilities throughout the City of Philadelphia.

B. Strother is organized under the laws of Pennsylvania, with its headquarters in Philadelphia, Pennsylvania, located at 100 South Broad Street. It is a minority-owned business enterprise ("MBE") and a subcontractor to ACS as part of the Prison Food Services Contracts, providing food management services in the PPS House of Corrections.

C. PPS is the City agency responsible for providing and administering correctional facilities for all of the City's inmates.

D. The OIG is an office that was created by the Mayor of Philadelphia to enhance the public confidence in the integrity of the City government by investigating corruption, fraud, misconduct, waste, and mismanagement of City employees and those doing business with the City or City-related agencies (as defined in Section 17-1401(9) of The Philadelphia Code).

E. Beginning in or about October 2011, the OIG investigated an allegation that ACS inaccurately reported payments made to Strother in documentation ACS submitted to the City, including in periodic reports of MBE participation; provider agreements; and Solicitation for Participation and Commitment forms. The OIG investigation confirmed that Strother was a City-certified MBE and performed actual work in connection with the Prison Food Services contracts. However, the OIG investigation also confirmed that ACS overstated Strother's participation in the Prison Food Services contracts in documentation it submitted to the City by including payments ACS made to Strother to compensate Strother for payments it made to ACS for costs of food purchased from ACS, resulting in a circular billing arrangement. These payments did not increase the amounts paid by the City under the Prison Food Services contracts. However, ACS's inclusion of the circular payments in documentation it submitted to the City overstated Strother's participation and violated Executive Order 02-05 (since superseded by Executive Order 03-12). The conduct described in paragraph E shall be referred to as the "Covered Conduct."

F. The City believes that it has certain civil and administrative claims against ACS and Strother for engaging in the Covered Conduct during the period July 1, 2009 through June 31, 2010.

G. ACS and Strother expressly deny that they engaged in any wrongful conduct. ACS maintains that Strothers' purchase of food from ACS was an appropriate way to meet the requirements of the Prison Food Services Contracts, particularly the requirements related to prison security and the consistency of the food served at all PPS facilities. ACS maintains that its business arrangement with Strother and the method by which it calculated its payments to Strother was consistent with its legal and contractual

obligations. Moreover, ACS has now changed its reporting to the City to more clearly explain its financial relationship with Strother. ACS has also implemented a comprehensive compliance program related to the identification, retention, and payment of qualified minority-owned, women owned, and disadvantaged business enterprises (“M/W/DSBE”).

H. This Agreement is made in compromise of disputed claims. This Agreement is not an admission of facts or liability by ACS or Strother and, indeed, ACS and Strother expressly deny any and all improper conduct. This Agreement is not a concession by the City that its claims are not well founded. Neither this agreement, its execution, nor the performance of any obligation under it, including payment, nor the fact of any settlement, is intended to be, or shall be understood, as an admission of liability or wrongdoing, or other expression reflecting on the merits of the dispute by ACS and Strother.

I. To avoid delay, uncertainty, risk, inconvenience, and potential expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

TERMS AND CONDITIONS

ACS

NOW, THEREFORE, in reliance on the representations contained herein, and in consideration of the mutual promises, covenants, and obligations set forth in this Agreement, and for good and valuable consideration as stated herein, the Parties, intending to be legally bound, agree as follows:

A. ACS agrees to remit to the City the sum of \$352,000 ("ACS Settlement Amount") by electronic funds transfer no later than 14 business days after this Agreement is fully executed by the Parties and delivered to counsel for ACS.

B. ACS further confirms that ACS has implemented the following compliance program as of the date of this Agreement, and shall maintain this compliance program for as long as it contracts with the City or City-related agencies and such contracts contain requirements relating to M/W/DSBE participation:

1. ACS has reviewed all of its current M/W/DSBE vendor relationships to ensure compliance with contract, local, state, and federal requirements and continues to do so with respect to new contracts on an ongoing basis;

2. ACS has created a corporate-level vendor diversity program to continue to promote diversity among its vendors nationwide; and

3. The parent company of ACS is a member of the National Minority Supplier Development Council and the Women's Business Enterprise National Council as part of its corporate-level vendor diversity program.

C. With respect to any contracts entered into between ACS and the City or any City-related agency ("City Contracts"):

1. ACS shall comply with City Executive Order 03-12 and any successor program (the "City MBE Policy").

2. Where possible, ACS shall solicit a minimum of three competitive proposals or bids from M/W/DSBEs for all contracts with the City or a City-related agency.

3. ACS shall designate a lead business person (the "M/W/DSBE Team Member") to ensure compliance with the City MBE Policy in ACS's performance

of City Contracts. This includes both participation requirements and reporting requirements, among others.

4. The M/W/DSBE Team Member shall review the contract solicitation documents and the contract terms and conditions to ensure that the M/W/DSBE requirements are fully understood by ACS personnel responsible for the proposal, bid or contract before submitting a binding proposal or bid or executing a contract.

5. The M/W/DSBE Team Member shall review the OEO Registry to ensure all committed M/W/DSBEs are properly registered with the OEO.

6. The M/W/DSBE Team Member shall ensure that the M/W/DSBE is aware of ACS's obligations under the City MBE Policy and that the M/W/DSBE fully understands its responsibilities under any contracts with the City or City-related agencies. The M/W/DSBE Team Member shall also require all M/W/DSBEs that seek a subcontract with ACS on a contract with the City or a City-related agency to submit certification forms documenting their M/W/DSBE status to the M/W/DSBE Team Member evidencing that the subcontractor is certified to provide the services that make up the sub-contract between ACS and the M/W/DSBE. ACS will maintain a copy of the certification.

7. The M/W/DSBE Team Member shall (1) sign all reports to the OEO or any successor agency, office or department regarding M/W/DSBE participation in any City Contracts; (2) certify that all payments between ACS and its certified M/W/DSBE sub-contractor are accurately reported in all documentation submitted to the City; and (3) approve in writing with ACS's in-house counsel the M/W/DSBE portion of any ACS proposal, bid or executed City contract.

D. ACS's in-house counsel shall provide annually in each of the three years following the full execution of this Agreement, one hour of training to (1) employees responsible for administering any elements of ACS's City Contracts, and (2) the M/W/DSBE Team Member(s). This training will explain ACS's policies and procedures as it pertains to M/W/DSBE compliance issues; the City MBE policy; and solicitation documents and contract terms and conditions to ensure that the M/W/DSBE requirements are fully understood. ACS's in-house counsel shall review the training annually in each of the three years following the full execution of this Agreement, and, when appropriate, provide updated training to reflect changes in ACS's policies and procedures as it pertains to M/W/DSBE compliance issues.

E. Within 180 days after this Agreement is fully executed by the Parties and delivered to counsel for ACS, ACS shall submit a written report to the OIG summarizing the status of its implementation of these requirements (the "Implementation Report"). The Implementation Report shall include:

1. The name of each M/W/DSBE Team Member;
2. Whether any additional policies or procedures, other than the policies and procedures contained in this Agreement, were established in order to address M/W/DSBE compliance issues, and if so, attaching a copy of such additional policies or procedures; and
3. Regarding the training required by this Agreement: a summary of the topics covered, length of session(s), number of individuals required to be trained, percentage actually trained, and an explanation of any exceptions.

TERMS AND CONDITIONS

STROTHER

A. Strother agrees to remit to the City the sum of \$48,000 ("Strother Settlement Amount") by electronic funds transfer no later than 14 business days after this Agreement is fully executed by the Parties and delivered to counsel for Strother.

B. Strother agrees that it will implement the following compliance program no later than 75 calendar days after this Agreement is fully executed by the Parties and delivered to counsel for Strother, and shall maintain this compliance program for as long as it contracts with the City or City-related agencies or is a subcontractor in any such contracts and such contracts contain requirements relating to M/W/DSBE participation:

1. Strother will review all current M/W/DSBE vendor relationships to ensure compliance with contract, local, state, and federal requirements and continue to do so with respect to new contracts on an ongoing basis;

2. Strother's President or Executive Vice President will ensure Strother's compliance with the City MBE Policy in Strother's performance as a subcontractor in any City Contracts. This includes both participation requirements and reporting requirements, among others.

3. Strother's President or Executive Vice President shall review the City MBE Policy and any City Requests for Proposals that are part of the contracts between Strother's prime contractors and the City or City-related agencies and ensure that Strother personnel fully understand the M/W/DSBE requirements before submitting a proposal or bid or executing a contract with a prime contractor performing contracts with the City or City-related agencies.

4. Strother's President or Executive Vice President shall certify that all documentation generated by Strother and submitted to prime contractors performing contracts with the City or City-related agencies is correct.

C. Strother's President or Executive Vice President shall provide annually in each of the three years following the full execution of this Agreement training to employees responsible for administering any elements of City contracts where Strother serves as a subcontractor. This training will explain Strother's obligations under the City MBE policy and Strother's responsibility to certify all documentation it has created as part of its subcontractor relationship with prime contractors performing contracts with the City or City-related agencies.

D. Strother's President or Executive Vice President shall review the training annually in each of the three years following the full execution of this Agreement, and, when appropriate, provide updated training as it pertains to M/W/DSBE compliance issues.

E. Within 180 days after this Agreement is fully executed by the Parties and delivered to counsel for Strother, Strother shall submit a written report to the OIG summarizing the status of its implementation of these requirements (the "Implementation Report"). The Implementation Report shall include:

1. Whether any additional policies or procedures, other than the policies and procedures contained in this Agreement, were established in order to address M/W/DSBE compliance issues, and if so, attaching a copy of such additional policies or procedures; and

2. Regarding the training required by this Agreement: a summary of the topics covered, length of session(s), number of individuals required to be trained, percentage actually trained, and an explanation of any exceptions.

ADDITIONAL PROVISIONS

A. In consideration of the obligations of ACS and Strother as outlined herein, and conditioned upon ACS's and Strother's full and timely payment of the ACS Settlement Amount and the Strother Settlement Amount, the City agrees to fully and finally release ACS and Strother and any and all of their subsidiary, affiliate or parent companies, and their directors, officers, and employees from any and all claims (including attorney fees, costs, and expenses of every kind and however denominated) related to the Covered Conduct and the City's investigation and resolution thereof that the City has asserted or could assert now or in the future, against ACS and Strother, any and all of their subsidiary, affiliate or parent companies, and their directors, officers, and employees, except for tax claims (if any) relating to business income and receipts, net profits and wages, or use and occupancy. Moreover, except as federal or state law may otherwise require, the City will not seek and shall refrain from instituting, directing, or maintaining any civil or administrative action, including any action seeking debarment from entering into contracts with the City, resulting from the Covered Conduct. The OIG agrees that it will confirm that ACS and Strother have at all times been fully cooperative with the City's investigation.

B. ACS and Strother agree to fully and finally release the City, PPS, and each of their officials, directors, officers, employees, servants, and agents from any claims (including attorney fees, costs, and expenses of every kind and however denominated) related to the Covered Conduct (including the investigation and resolution thereof), that

ACS and Strother has asserted or could assert now or in the future against the City, PPS, and each of their officials, directors, officers, employees, servants, and agents.

C. Notwithstanding the mutual releases in Paragraphs A and B of this Agreement, or any other term of this Agreement, the City specifically reserves and does not release the right to pursue any claim, other than a claim by the City relating in any way to the Covered Conduct, arising under the City of Philadelphia Mayoral Executive Orders 02-05, 03-12, or their successor program or arising under any other provision of law or contract.

D. Nothing in this Agreement shall be deemed to adversely affect, in any manner whatsoever, ACS's and Strother's good standing to do business with and within the City of Philadelphia or with PPS.

E. ACS, Strother, and the City each represent that they freely and voluntarily enter into this Agreement without any degree of duress or compulsion whatsoever.

F. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the principles of conflicts of laws. Each Party irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Philadelphia, Pennsylvania, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein; and irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court.

G. For purposes of construction, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

H. This Agreement constitutes the complete agreement among the Parties with respect to the issues that the Agreement covers. This Agreement may not be amended except by express written consent of the Parties. Nothing in this Agreement shall be deemed to conflict with the terms of any other agreement between the City and ACS.

I. Each Party, and each individual executing this Agreement on behalf of a Party, represents and warrants that the individual is authorized by the Party to execute this Agreement in his or her official capacity.

J. If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other person or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

K. This Agreement is binding upon the successors, transferees, heirs, and assigns of ACS and Strother.

L. ACS and Strother consent to disclosure to the public by the City of the Agreement and of information about this Agreement, after it has been fully executed.

M. This Agreement is effective on the date of signature and delivery of the last signatory to the Agreement. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement, it being understood that the Parties need not sign the same counterpart. Facsimile signature(s) on complete copies of the Agreement shall constitute acceptable, binding signature(s) for purposes, of this Agreement.

(The remainder of page has been left blank intentionally. Signature page follows.)

THE CITY OF PHILADELPHIA

By:  Dated: 12/13/12
AMY BURLAND, Inspector General
City of Philadelphia Office of Inspector General

Approved:  Dated: 12/13/12
SHELLEY R. SMITH, City Solicitor
City of Philadelphia Law Department

ARAMARK CORRECTIONAL SERVICES, LLC

By Its Duly Authorized Representative:

_____ Dated: _____
JOHN C. RYAN, Senior Vice President and Associate General Counsel

STROTHER ENTERPRISES, INC.

By Its Duly Authorized Representative:

_____ Dated: _____
ROBERT G. STROTHER, President


THE CITY OF PHILADELPHIA

By: _____ Dated: _____
AMY KURLAND, Inspector General
City of Philadelphia Office of Inspector General

Approved: _____ Dated: _____
SHELLEY R. SMITH, City Solicitor
City of Philadelphia Law Department

ARAMARK CORRECTIONAL SERVICES, LLC

By Its Duly Authorized Representative:

 _____ Dated: Dec 13, 2012
JOHN C. RYAN, Senior Vice President and Associate General Counsel

STROTHER ENTERPRISES, INC.

By Its Duly Authorized Representative:

 _____ Dated: 11/27/2012
ROBERT G. STROTHER, President