October 2, 2012

Dear ReNEW Schools team,

We are both anxious to resolve the large outstanding balance that ReNEW Schools owes the RSD. We understand that there are some invoices that both parties agree on and some that ReNEW has recently disputed. We would like to take this opportunity to address the disputed invoices.

2010-2011 Food Services

School	Disputed Amount	ReNEW Proposed Amount
Batiste Cultural Arts	$ 44,872.78	$ 40,618.10
Sci Tech Academy	$ 40,228.68	$ 27,083.70
Subtotal DISPUTED	$ 85,101.46	$ 67,701.80
Subtotal AGREED	$ 52,671.36	$ 52,671.36
TOTAL OWED	$ 137,772.82	$ 120,373.16

For food services in the 10-11 school year, these services are now two years old. While we recognize that billing could have been improved, there is no doubt that ReNEW received a service which the RSD has paid for in full. The bills for the beginning of the 10-11 school year are higher and decrease as the months pass. This makes sense as additional free/reduced lunch applications come in as the year progresses. The food bills for Summer 2011 are correct as "Summer Feed" is a separate program and not an instance of double billing.

2011-2012 Food Services

School	Disputed Amount	ReNEW Proposed Amount
Batiste Cultural Arts	$ 77,734.09	$ 18,005.47
Reed Elementary School	$ 174,398.44	$ 25,981.44
Sci Tech Academy	$ 93,486.00	$ 14,800.06
ReNEW Accelerated HS #2	$ 26,982.15	$ 10,352.67
Subtotal DISPUTED	$ 372,600.68	$ 69,139.63
Subtotal AGREED	$ 47,389.52	$ 47,389.52
TOTAL OWED	$ 419,990.20	$ 116,529.15

For food services in the 11-12 school year, the bills are high because without a student data file from ReNEW to match with free/reduced lunch applications, all of ReNEW's students defaulted to paid status (after the 30 day period at the beginning of the year when the previous year's status carried over). ReNEW did not provide a workable student data file even though the RSD and Aramark asked for it in detail and offered assistance throughout the 11-12 school

year. From September 2011 through January 2012, the RSD sent emails to ReNEW with increasing urgency, asking for a workable student data file (see attached emails). The reimbursement process for Child Nutrition is very strict and although the RSD asked, there is no way to go back and change the reimbursement. The supporting data for free/reduced status must be available at the time of service and it was not.

The RSD has already paid Aramark the full balance of these bills. The RSD cannot afford to bear the financial burden for these errors, though we realize they were very costly

2011-2012 Facilities Services

School	Disputed Amount	ReNEW Proposed Amount
Sci Tech Academy	$ 1,933.84	$ 1,933.84
ReNEW Accelerated HS #1	$ 180,825.88	$ 137,388.95
ReNEW Accelerated HS #2	$ 122,551.75	$ 50,449.06
TOTAL DISPUTED	$ 305,311.47	$ 189,771.85

Facilities Cost Allocation (Student Enrollment %)

School	10/1/12	2/1/12	ReNEW Proposed %
Accelerated HS #1	36%	39%	33%
Accelerated HS #2	77%	55%	25%

The standard lease agreement for all schools for all facilities services allocates cost based on student enrollment. Cost allocation by student enrollment is not only in the standard lease, but has also been standard practice as far back as the 08-09 school year. Also, Accelerated HS #2's lease states that facilities costs will be allocated based on student enrollment. Both Accelerated High Schools signed leases for this period.

We understand that you feel the custodial contract was particularly expensive and that information could have been communicated better. However, that was the contracted amount that the RSD has since paid in full. The custodial bills for the 11-12 school year were first received February 1, 2012.

Other

The facilities disputes for Batiste and SciTech are easily resolved. If we verify that ReNEW did not occupy the schools at that time, then the charges will be voided.

For fire safety costs that were repairs as opposed to regular maintenance, those costs have been removed from the total fire safety invoice.

Regarding the concern that two of the waste management invoices for Accelerated HS #1 included an incorrect monthly rate, those two months included additional charges by the company as can be seen on the original vendor bills included with ReNEW's invoices.

If we can verify that ReNEW Accelerated HS #2 did not receive custodial services for two months, charges for those months will be voided.

Given this fact pattern, the RSD's expectation is that ReNEW Schools will remit **$861,177.50**, the full amount of this outstanding balance, by the close of this year. That means there will be three payments of **$287,059.17** in October, November, and December.

Sincerely,

Patrick Dobard

Patrick Dobard

Superintendent
Recovery School District

delay to expand 14 days of receipt of invoice
payment dates
go to collections