

AggieBuy Contract #
C2020-1460



**MASTER ORDER
TEXAS DIVISION OF EMERGENCY MANAGEMENT
AUSTIN, TEXAS**

Vendor:
<i>Ameriquel Foods Group LLC DBA 18200 Highway 41 North Evansville, IN 47725 812-867-1444 Lana Lis llis@ameriquel.com</i>


Billing Address:
<i>Texas Division of Emergency Mgmt-A/P ***Do Not Mail Invoices*** Email invoices to invoices@tamu.edu 750 Agronomy Road - Suite 3101 6000 TAMU College Station, TX 77843-6000</i>

This Master Order shall be effective as of October 31, 2019 and pertains to all goods and/or services covered by TDEM AggieBuy Contract #C2020-1460.

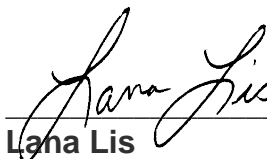
Vendor shall provide goods and/or services as designated on attached specifications, terms and conditions as stated in **IFB Number 405-EMD-15-B50116** and any addenda thereto, are all made a part hereof and collectively evidence and constitute TDEM AggieBuy Contract # C2020-1460. This document is **NOT** considered as an order to ship from.

1. Payment shall be made within thirty (30) days after acceptance of goods and/or services and receipt of invoice, whichever is later. Vendor shall submit one copy of an itemized invoice referencing the AggieBuy Contract number and any departmental issued purchase order number. Owner will incur no penalty for late payment if payment is made in 30 or fewer days from receipt of goods or services and an uncontested invoice.
2. Freight Terms: FOB Destination, Freight Prepaid and Added
3. Changes: Any changes to the Master Order must be made in writing by the Texas A&M Purchasing Agent as listed below.
4. Tax Exemption: The State of Texas is exempt from all Federal Excise Taxes. Texas Division of Emergency Management is exempt from state and municipal sales taxes under Texas Tax Code, Chapters 151 and 321, *et. seq.*, for all purchases made for the exclusive use of Texas A&M.
5. The laws of the State of Texas shall govern this Master Order.
6. Upon contract completion, any remaining meals will incur storage fees billed on a quarterly basis.

Fiscal Year	Description	Price per Meal
FY20	Prepacked, Shelf-stable Meals	\$3.77
FY21	Prepacked, Shelf-stable Meals	\$3.88
FY22	Prepacked, Shelf-stable Meals	\$4.00
FY23	Prepacked, Shelf-stable Meals	\$4.12
FY24	Prepacked, Shelf-stable Meals	\$4.24



Mary Williams, CTPM, C.P.M.
Texas Division of Emergency Management
Director, Procurement Services
979-458-7434
me-williams@tamu.edu



Lana Lis
Ameriqua Group
Director of Government Sales
812-452-4309
llis@Ameriqua.com



TEXAS DEPARTMENT OF PUBLIC SAFETY
INVITATION FOR BIDS
Revised 8/21/14

IF NOT BIDDING
DO NOT RETURN THIS FORM.

Destination of Goods or Services

To Be Determined: Based upon where
the awarded Bidder's warehouse would
be located.

FORMAL INVITATION FOR BID

INSTRUCTIONS FOR SUBMISSION OF BIDS:

Bidders must submit sealed bids with the bid opening date
and requisition number below their return address.

Submit Bids to:

Texas Department of Public Safety

ATTN: Karl J. Holdren

IFB #405-EMD-15-B50116

Procurement & Contract Services, MSC 0266

Building A, 1st Floor - 5805 North Lamar Blvd Austin, TX 78752

THIS IFB MAY BE CANCELLED AT ANY TIME

E-MAILED BIDS WILL BE ACCEPTED AS WELL BUT ONLY TO:

Services.branch@dps.texas.gov

*****NOTE*****

*Bids received after the bid due date, as
indicated above, will not be accepted.*

BID ISSUE DATE ▶ 8/21/2014
BID DUE/OPENING ▶ 09/22/2014 @4:00pm
IFB NUMBER ▶ 405-EMD-15-B50116

★FAILURE TO SIGN WILL DISQUALIFY BID★

Rashid Hallaway

9/19/14

AUTHORIZED SIGNATURE

DATE

By signing this Bid, Bidder agrees to comply with the Terms &
Conditions of this IFB and certifies that if a Texas address is
shown as the address of the Bidder, Bidder qualifies as a
Texas Bidder as defined in 34 TAC Rule 20.32(68).

Bidder's Name should appear on each continuation page of
this Bid, in the block provided in the upper right hand corner
per Section 1.09 of the Terms & Conditions.

BIDDER'S CONTACT INFORMATION

Ameriqua Group LLC

Company Name

18200 HWY 41 N, Evansville, IN 47725

Company Mailing Address

Fifth Third Bank P.O. Box 633031

Company Remit Payment to Address

Cincinnati, OH 45263-3030

City, State, and Zip Code

Rashid Hallaway

Printed Name of Representative

rhallaway@ameriqua.com

Email Address

Phone Number: 202.380.5118

AN IDENTIFICATION NUMBER IS REQUIRED TO PROCESS PAYMENT FOR GOODS/SERVICES PURCHASED AGAINST CONTRACT
AWARDS. THE FEDERAL EMPLOYERS IDENTIFICATION NUMBER (EIN) WILL BE USED TO ESTABLISH A PAYEE ID NUMBER:

PLEASE ENTER YOUR FEDERAL EIN: 3 5 - 2 1 1 0 1 3 8

Each Bidder shall have an EIN prior to receiving payment under any awarded contract. The EIN is required to minimize identity
theft. For information on obtaining an EIN, you may call the IRS at 800-829-4933 or visit the following web site:
<http://www.irs.gov/businesses/>

CHECK HERE IF YOU ARE A SOLE OWNERSHIP OR PARTNERSHIP: ☐

PREFERENCES

See Section 2.38 of the State of Texas Procurement Manual regarding preferences.

Check below to claim a preference under 34 TAC Rule 20.38

- | | |
|---|--|
| <input type="checkbox"/> Goods produced or offered by a Texas Bidder that is owned
by a Texas resident service-disabled veteran | <input type="checkbox"/> Texas Vegetation Native to the Region |
| <input type="checkbox"/> Goods produced in Texas or offered by a Texas Bidder that is
not owned by a Texas resident service-disabled veteran | <input type="checkbox"/> Products of persons with mental or physical disabilities |
| <input type="checkbox"/> Agricultural products grown in Texas | <input type="checkbox"/> Bidder's that meet or exceed air quality standards |
| <input type="checkbox"/> Agricultural products offered by a Texas Bidder | <input type="checkbox"/> Products and services from economically depressed or blighted areas |
| <input type="checkbox"/> Services offered by a Texas Bidder that is owned by a Texas
resident service-disabled veteran | <input type="checkbox"/> Recycled or Reused Computer Equipment of Other Manufacturers |
| <input type="checkbox"/> Services offered by a Texas Bidder that is not owned by a
Texas resident service disabled veteran | <input type="checkbox"/> Products produced at facilities located on formerly contaminated property |
| <input type="checkbox"/> Recycled motor oil and lubricants | <input type="checkbox"/> USA produced supplies, materials or equipment |
| <input type="checkbox"/> Foods of Higher Nutritional Value | <input type="checkbox"/> Rubberized asphalt paving material |
| | <input type="checkbox"/> Products made of recycled, remanufactured, or environmentally
sensitive materials including recycled steel |
| | <input type="checkbox"/> Energy Efficient Products |



INVITATION FOR BIDS
Texas Department of Public Safety
Continuation Page

BID DUE/OPENING: 9/22/2014 @ 4:00 pm
VENDOR NAME Ameriquel Group, LLC

CLASS: 393 ITEM: 06 ***** CLASS: 961 ITEM: 82***** CLASS: 971 ITEM: 91

NOTE TO BIDDERS

After the bid opening date, no additional document submissions shall be allowed.

Any information/documents/exceptions received after the bid opening date will not be considered.

DESCRIPTION AND PRICING

PURCHASE OF THE FOLLOWING:

The Texas Department of Public Safety (TXDPS), Division of Emergency Management (TDEM) is soliciting Bids in response to this IFB for Vendor Managed Inventory of Emergency Meals (VMIEM) to supply, warehouse, and ship pre-packed, shelf-stable meals.

As outlined in the specifications, Bidder's cost shall be inclusive of all warehouse and ancillary costs at the successful Bidder's facility.

Bids shall be submitted on this form. Bidders shall price per unit shown. Unit prices shall govern in the event of extension errors. If a price quotation is submitted as part of the Bid, the quotation must be referenced on the Bid document and signed by the Bidder to establish formal linkage to the Bid per Section 1.02 of the Terms & Conditions.

SEE PAGE THREE (3) OF THE IFB FOR PRE-QUALIFICATION AND PRICING

The Texas Department of Public Safety has implemented a new web based E-Procurement System (EPS). The system will allow you to view solicitations, submit responses to solicitation, access and retrieve purchase orders and change notices or submit invoices for payment. The EPS is an Internet based application and will be available 24 hours a day seven days a week. Effective 09/02/2014, Vendors must be registered within the EPS in order to receive notifications about Bid opportunities or to be issued Purchase Orders (POs). You may access the system by using the following path.

<https://eprocure.dps.texas.gov/bsi/login.jsp>

IMPORTANT DATES AND INFORMATION

September 4, 2014 10:00 a.m. **Optional** Pre-Bid Conference located at the TXDPS Headquarters, 5805 N. Lamar, Bldg. A Lobby Austin, TX 75752.

September 8, 2014 1:00 p.m. Written questions due via e-mail to the attention of Karl J. Holdren

September 10, 2014 3:00 p.m. Responses to written questions shall be posted to ESBD

Point of Contact

TXDPS Purchaser: Karl J. Holdren
Phone Number: (512) 424-2640
E-Mail: Services.branch@dps.texas.gov

SERVICE PERIOD: Date of award – Through 5 years

SERVICE PERIOD WITH OPTIONS

☒ Applicable

☐ Not Applicable

Contract term shall be from the date of award through 5 years with one (1) optional, five (5) year renewal period.

Renewal Option One Start of second 5 year term through end of second 5 year term.

This IFB consists of the following:

IFB – Pages	1 - 23
Attachment Listing Page	24
Attachments A through I- Pages	25-67



INVITATION FOR BIDS
Texas Department of Public Safety
Continuation Page

405-EMD-15-B50116

BID DUE/OPENING: 9/22/2014 @ 4:00 pm
VENDOR NAME Ameriquel Group, LLC

Item	Description	QUANTITY	UNIT	UNIT PRICE	EXTENSION
Cost Language	<u>Please enter Bid for the cost of meals; inclusive of all storage and ancillary costs.</u>	*	*	*	*
Volume Pricing #1	750,000 Meals	750,000	Lot	\$3.55 see addendum	\$2,662,500.00
Volume Pricing #2	Cost of meals inclusive of all storage <u>and ancillary costs.</u> (750,001 – 1,000,000) meals	1	Each	\$3.55 see addendum	\$2,662,503.55- \$3,550,000.00
Volume Pricing #3	Cost of meals inclusive of all storage <u>and ancillary costs.</u> (1,000,001 – 2,000,000) meals	1	Each	\$3.55 see addendum	\$3,550,003.55- \$7,100,000.00
Volume Pricing #4	Cost of meals inclusive of all storage <u>and ancillary costs.</u> (2,000,001 – 3,000,000) meals	1	Each	\$3.55 see addendum	\$7,100,003.55- \$10,650,000.00
*	PASS OR FAIL	PASS		FAIL	
Pre Qualifiers 1-14	Bidder shall reply to each requirement below by marking an "X" in the applicable box. A "no" response to any requirement listed below shall disqualify Bidder from further consideration.	PASS	*	FAIL	*
1	Bidder shall have the capacity to expand delivery from (750,000) to a maximum quantity of (3,000,000) meals, dependent on available budget. Meals shall be delivered and stored at the Bidder's facility.	YES	<u>X</u>	NO	___
2	Bidder shall have at least ten (10) years of experience providing vendor managed inventory (VMI) services for the provision of emergency meals.	YES	<u>X</u>	NO	___
3	Bidder shall have provided emergency meals to a minimum of five (5) state and/or federal level disasters.	YES	<u>X</u>	NO	___
4	Bidder shall have provided a minimum of five hundred thousand (500,000) meals for a single event to federal, state, or local entities under a VMI program.	YES	<u>X</u>	NO	___
5	Bidder has the capability to ship one hundred thousand (100,000) meals anywhere in the state of Texas, using the Bidder's contracted transportation within thirty six (36) hours of official notification from TXDPS/TDEM.	YES	<u>X</u>	NO	___
6	Bidder shall have its own climate controlled warehouse facility capable of storing as a lot, an average of seven hundred fifty thousand (750,000) to three million (3,000,000) meals purchased by TXDPS/TDEM.	YES	<u>X</u>	NO	___
7	Bidder shall factor the cost of storage and ancillary service fees into the cost of meals and shall provide an all-inclusive price for <u>volume pricing items 1-4</u>	YES	<u>X</u>	NO	___
8	All meals shall meet applicable USDA and US Department of Health and Human Services acceptable nutritional and packaging standards.	YES	<u>X</u>	NO	___
9	Each meal shall provide a minimum of one thousand (1,000) calories.	YES	<u>X</u>	NO	___
10	Each meal shall have a minimum shelf life of five (5) years.	YES	<u>X</u>	NO	___
11	All entrées shall include a self-heating mechanism.	YES	<u>X</u>	NO	___
12	TXDPS/TDEM may request that refrigerated/non refrigerated trailers be left (dropped) on site for storage purposes during activations.	YES	<u>X</u>	NO	___



INVITATION FOR BIDS
Texas Department of Public Safety
Continuation Page

405-EMD-15-B50116

BID DUE/OPENING: 9/22/2014 @ 4:00 pm
VENDOR NAME Ameriquel Group, LLC

13	Bidder shall provide storage and ancillary services for the term of the Contract that shall include any meal that has not reached the expiration date stamped on the product.	YES	<u>X</u>	NO	___
14	If requested by TXDPS/TDEM, the awarded Bidder shall dispose of any expired meals at no cost to TXDPS/TDEM.	YES	<u>X</u>	NO	___
*	*****	*	*	*	*
Item	Description	*	*	*	*
*	INFORMATIONAL QUESTIONNAIRE (Failure to complete all questions below shall be grounds for rejection of Bid)	*****			
1	Meals Per Case	12			
2	Cases Per pallet	48			
3	Pallet Size	40 x 48			
4	Gross weight per pallet	864 lbs			
5	Pallets per truck	52			
6	Can the pallets be stacked? Number of stacked pallets?	2 high			
7	Number of individual meals normally maintained in inventory	1,000,000			
*	*****	Insert the Name of your emergency contact person below		Phone number	
8	List a 24 hour, 7 day a week emergency contact with phone number.	Rashid Hallaway		202-380-5118	
8a.	List an alternate contact person with phone number.	Robin Altmeyer		812-453-1975	
9	Name your Contract Administrator (if different from above)				
10	State your normal hours of operation	8am - 5pm CST			
11	State the location where your product is manufactured	Evansville	Indiana	47710	
12	State the location where the product will be stored	Marengo	Indiana		
13	Is Bidder an authorized dealer or manufacturer? If Bidder is a dealer, attach a copy of the manufacturer's authorization for Bidder to resell items.	No			
14	Awarded Bidder may be required to deliver on weekends, holidays on in an emergency situation. Can your company deliver during these situations?	Yes			
15	Please list the number of meals below that are deliverable within the selected amount of *****hours*****				
15a	24 Hours	250,000	#		
15b	48 Hours	1,728,000	#		
15c	72 Hours	1,728,000	#		



INVITATION FOR BIDS
Texas Department of Public Safety
Continuation Page

405-EMD-15-B50116

BID DUE/OPENING: 9/22/2014 @ 4:00 pm
VENDOR NAME Ameriquel Group, LLC

DESCRIPTION (Continued)

1. CHANGE ORDERS

No verbal changes to these specifications are permitted. Any changes shall be by written addendum. Change orders shall be allowed only if unforeseen conditions arise or if TXDPS needs dictate changes. No verbal change orders shall be allowed, all change orders shall be in writing and documented by a purchase order change notice.

2. IMMIGRATION

The Bidder represents and warrants that it shall comply with the requirements of the Immigration Reform and Control Act of 1986 and 1990 regarding employment verification and retention of verifications forms for any individuals hired on or after November 6, 1986, who shall perform any labor or services under the Contract and the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA) enacted on September 30, 1996.

3. OFFER PREPARATION COSTS

The State shall not be responsible or liable for any costs incurred by any Bidder in the preparation and submission of its response or for other costs incurred by participating in this IFB process.

4. ORDER OF PRECEDENCE

In the event of conflicts or inconsistencies between this contract and its exhibits or attachments, such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of priority. This Agreement is composed of the following documents:

- 4.01. Purchase Order/Contract, including all attachments;
- 4.02. IFB as posted, Including all Amendments;
- 4.03. Bidder's Bid Response.

5. POSTINGS

It is the Bidder's responsibility to check the Electronic State Business Daily (ESBD) for any additional documents that have been added after the initial posting date. Bidder's failure to periodically check the ESBD shall in no way release the selected Bidder from addenda or additional information resulting in additional costs to meet the requirements of the IFB.

6. BACKGROUND CHECK

☐ Applicable

☒ Not Applicable

Work on this project is being performed in secure State of Texas facilities. All contract work crews are subject to Background checks prior to allowing access to these facilities. This includes all workers associated with the project or their respective sub-contractors.

Documents shall be provided to the primary contractor for distribution to their affected personnel or subcontractors (post bid and prior to commencement of the work). Personnel information shall be provided upon request from each person working on this site. Fingerprinting may be included as part of that background check and a location shall be identified to the contractor for compliance. Incomplete forms shall be returned and only approved personnel shall be allowed on the site.



INVITATION FOR BIDS
Texas Department of Public Safety
Continuation Page

405-EMD-15-B50116

BID DUE/OPENING: 9/22/2014 @ 4:00 pm
VENDOR NAME Ameriquel Group, LLC

DESCRIPTION (Continued)

Bidder, to include all staff working on awarded project shall have thirty (30) calendar days from the date of award to get fingerprints taken, paperwork submitted and personnel approved. In case of background check failure of personnel, bidder shall have five (5) working days from announcement of failure to re-submit completed fingerprint and forms to the Project Manager for replacement personnel. If all background checks have not been completed in the thirty (30) calendar days, purchase order shall be cancelled and shall be awarded to next qualified Bidder listed on the bid tabulation. The procedures above and stipulations noted, shall apply to any subsequent Bidders that are awarded the project. TXDPS is a Police organization and shall make every effort to enforce applicable State of Texas, Federal and International laws. Persons with outstanding warrants shall be subject to immediate arrest. Persons with criminal histories may not be allowed unescorted in secure TXDPS facilities. Nondisclosure statements may also be required when working on or within certain TXDPS locations.

7. **BONDS** ☒ Applicable ☐ Not Applicable

Bonds shall be required from the successful Bidder before commencing any work as follows:

- 7.01. For a contract in excess of \$100,000.00 a performance bond shall be executed in the amount of the contract conditioned upon the faithful performance of the work in accordance with the plans, specifications, and contract documents. Said bond shall be solely for the protection of the state.
- 7.02. For a contract in excess of \$25,000.00 a payment bond shall be executed in the amount of the contract, solely for the protection of all claimants supplying labor and material.
- 7.03. Any bids submitted shall include the cost of any applicable bond. Costs shall be included in the base bid and shall not be itemized separately.

If a bond is required, the successful Bidder shall be notified by mail. The bond must be received by TXDPS within ten days and must reference the requisition number. A purchase order shall not be issued until the bond is received and no work shall begin until the Bidder is notified.

8. **HUB SUBCONTRACTING PLAN (HSP)** ☒ Applicable ☐ Not Applicable

In accordance with Texas Government Code §2161.252, a bid that does not contain an HSP is non-responsive and shall be rejected without further evaluation. In addition, if TXDPS determines that the HSP was not developed in good faith, it shall reject the proposal for failing to comply with material IFB specifications.

9. **INSURANCE** ☒ Applicable ☐ Bidders May be Required to Present Proof of Insurance
See Terms and Conditions for all insurance requirements

10. **INSURANCE: PROFESSIONAL LIABILITY** ☐ Applicable ☒ Not Applicable

If Bidder is a licensed or certified person who renders professional services, then Professional Liability (including Errors and Omissions) including coverage for the rendering of, or failure to render, professional services with minimum limits of \$1,000,000 per occurrence, \$2,000,000 annual aggregate. NOTE: If the insurance described above is written on a claims-made form, coverage shall be continuous (by renewal or extended reporting period) for not less than twenty-four (24) months following completion of the contract and acceptance by TXDPS. Coverage, including any renewals, shall have the same retroactive date as the original policy applicable to this contract.

11. **SERVICE CALL RESPONSE TIME** ☐ Applicable ☒ Not Applicable

Response time shall vary dependent upon the complexity and/or location of the service. After receiving a call for service, the Contractor shall have a technician on-site within the specified time requirements for the following types of service calls:



INVITATION FOR BIDS
Texas Department of Public Safety
Continuation Page

405-EMD-15-B50116

BID DUE/OPENING: 9/22/2014 @ 4:00 pm
VENDOR NAME Ameriquel Group, LLC

- 11.01. **SERVICE CALL DURING REGULAR WORK HOURS (8:00 a.m. to 5:00 p.m.):** Within _____ hour(s) of notification.
- 11.02. **SERVICE CALLS OUTSIDE REGULAR HOURS:** Within _____ hour of notification
- 11.03. **EMERGENCY SERVICE DURING REGULAR WORK HOUR (8:00 a.m. to 5:00 p.m.):** Response time to emergency call-backs during regular business hours shall be within _____ hours. TXDPS shall identify emergency calls at time of notification.
- 11.04. **EMERGENCY CALLS OUTSIDE REGULAR HOURS:** Within _____ hour(s) of notification.

An emergency call shall be identified as any condition(s) that can potentially impact the health, safety and welfare of TXDPS' employees and/or the public. TXDPS shall identify emergency calls at time of notification.

12. **WARRANTY CALL RESPONSE TIME** ☐ Applicable ☒ Not Applicable
TXDPS requires the Contractor to respond to any warranty call concerning this project within a _____ hour time period. Any warranty call that is issued, the successful contractor shall have a qualified technician onsite within _____ hours of being notified that a warranty issue exists.

13. **RETAINAGE** ☐ Applicable ☒ Not Applicable
TXDPS reserves the right to withhold 10% retainage from final payment until all work is accepted by TXDPS and warranty or equipment operation and maintenance documents are in hand (if applicable). This includes required original Contractor provided installation letters on their letterhead, applicable material manufacturer industry standard warranties, any equipment operation and maintenance manuals, or other project inclusive documentation for the respective trades associated with this project.

14. **WAGE RATES** ☐ Applicable ☒ Not Applicable
TXDPS is the contracting agency for this state-funded project. The following statute requires any contracting agency to specify the generally prevailing rate of wages in contracts that are bid.
- 14.01 Texas Government Code Chapter 2258. Prevailing wage rates pursuant to the requirements of this statute. TXDPS has ascertained the attached rates located in Exhibit F, are paid to various classifications of workers in the locality of this project.
- 14.02 The hourly rate for legal holiday and overtime work shall be not less than 1½ times the base hourly rate.

A contractor or subcontractor who violates this section shall pay to the state or a political subdivision of the state on whose behalf the contract is made, \$60 for each worker employed for each calendar day or part of the day that the worker is paid less than the wage rates stipulated in the contract. The Texas Government Code Chapter 2258 prevailing wage rate can be viewed at the following: <http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2258.htm>

15. **UNIFORM GENERAL CONDITIONS for CONSTRUCTION PROJECTS:** ☐ Applicable ☒ Not Applicable
This contract shall be governed by the Uniform General Conditions (UGC). UGC may be viewed at http://www.tfc.state.tx.us/divisions/facilities/prog/construct/formsindex/07C%20-%20UGC_2010.pdf

16. **REFERENCES:** ☒ Applicable ☐ Not Applicable

All Bidders shall submit 3 projects of similar size and complexity to include the following information. Verification of Experience Form Attachment G to be returned with Bid.

1. Bidder Name;
2. Company Information
3. Project name, location, and description
4. Start and Completion Dates



INVITATION FOR BIDS
Texas Department of Public Safety
Continuation Page

405-EMD-15-B50116

BID DUE/OPENING: 9/22/2014 @ 4:00 pm
VENDOR NAME Ameriquel Group, LLC

17. CORRECTIVE ACTION PLAN:

☒ Applicable

☐ Not Applicable

If TXDPS discovers issues of unsatisfactory performance as set forth in this IFB, TXDPS shall request a "Corrective Action Plan" from the Contractor. Upon request from the TXDPS Project Manager or his/her designated representative, the Contractor shall deliver a Corrective Action Plan within ten (10) business days and it must be approved by the TXDPS Contract Administrator. The Corrective Action Plan must address and correct all unsatisfactory performance within thirty (30) days of the implementation. Failure to correct the unsatisfactory performance within the allotted time shall be grounds for termination.

TEXAS DEPARTMENT OF PUBLIC SAFETY STANDARD TERMS AND CONDITIONS



STANDARD TERMS AND CONDITIONS

Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

1. BIDDING REQUIREMENTS:

- 1.1 Bidders shall comply with all rules, regulations and statutes relating to purchasing in the State of Texas in addition to the requirements of this form.
- 1.2 Bids shall be submitted on this form. Bidders shall price per unit shown. Unit prices shall govern in the event of extension errors. If a price quotation is submitted as part of the Bid, the quotation shall be referenced on the Bid document and signed by the Bidder to establish formal linkage to the Bid.
- 1.3 Bids shall be time stamped at Texas Department of Public Safety (TXDPS) on or before the hour and date specified for the Bid opening.
- 1.4 Late and/or unsigned Bids shall not be considered under any circumstances. Person signing Bid shall have the authority to bind the firm in a contract.
- 1.5 Quote FOB destination, freight prepaid and allowed unless otherwise stated within the specifications.
- 1.6 Bid prices are requested to be firm for TXDPS acceptance for 30 days from Bid opening date. "Discount from list" Bids are not acceptable unless requested. Cash discounts are not considered in determining an award. Cash discounts offered shall be taken if earned.
- 1.7 Bidder should enter their Federal Employee Identification Number (EIN) in the space provided on page 1 of this IFB.
- 1.8 Bidder shall complete this contractor contact information on page 1 this IFB.
- 1.9 Bidder shall complete firm name on each continuation page of the IFB, in the block provided in the upper right hand corner.
- 1.10 Bid cannot be altered or amended after opening time. Alterations made before opening time should be initiated by Bidder or his authorized agent. No Bid can be withdrawn after opening time without approval by the TXDPS based on an acceptable written reason.
- 1.11 Purchases made for the State's use are exempt from the State Sales tax and Federal Excise tax. Do not include tax in Bid. Excise Tax Exemption Certificates are available upon request.

2. AWARD NOTICE

- 2.1 TXDPS reserves the right to make an award on the basis of low line item Bid, low total of line items, or in any other combination that shall serve the best interest of TXDPS and to reject any and all Bid items at the sole discretion of TXDPS. TXDPS also reserves the right to accept or reject all or any part of any Bid, waive minor technicalities and award the Bid to best serve the interests of TXDPS. Any contract may also be extended up to three months at the sole discretion of TXDPS.
- 2.2 Consistent and continued tie Bidding could cause rejection of Bids by the TXDPS and/or investigation for antitrust violations.
- 2.3 Inquiries pertaining to this IFB shall include the requisition number, class/item codes, and opening date. shall include

3. SPECIFICATION:

- 3.1 Catalogs, brand names or manufacturer's references are descriptive only, and indicate type and quality desired. Bids on brands of like nature and quality shall be considered unless advertised under §2155.067, Texas Government Code (Gov't Code). If Bidding on other than references, Bid should show manufacturer, brand or trade name, and other description of product offered. If other than brand(s) specified is offered, illustrations and complete description of product offered are requested to be made part of the Bid. Failure to take exception to specifications or reference data shall require Bidder to furnish specified brand names, numbers, etc.
- 3.2 Unless otherwise specified, items shall be new and unused and of current production.
- 3.3 All electrical items shall meet all applicable OSHA standards and regulations, and bear the appropriate listing from UL, FMRC or NEMA.
- 3.4 Samples, when requested, shall be furnished free of expense to TXDPS. If not destroyed in examination, they shall be returned to the Bidder, on request, at Bidder's expense. Each sample should be marked with Bidder's name and address, and requisition number. Do not enclose in or attach Bid to sample.
- 3.5 TXDPS shall not be bound by any oral statement or representation contrary to the written specifications of this IFB.
- 3.6 Manufacturer's standard warranty shall apply unless otherwise stated in the IFB.



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

4. TIE BIDS:

Awards shall be made in accordance with 34 TAC Rules 20.36(b) (3) and 20.38 (Preferences).

5. DELIVERY:

5.1 Delivery is to be as described in the IFB.

5.2 Default in promised delivery (without accepted reasons) or failure to meet specifications authorizes the TXDPS to purchase the goods or services of this IFB elsewhere and charge any increased costs for the goods or services, including the cost of rebidding, to the Contractor.

5.3 No substitutions permitted without written approval of TXDPS.

6. INSPECTION AND TESTS:

All goods shall be subject to inspection and test by TXDPS. Authorized TXDPS personnel shall have access to supplier's place of business for the purpose of inspecting merchandise. Tests shall be performed on samples submitted with the Bid or on samples taken from regular shipment. All costs shall be borne by the Bidder in the event products tested fail to meet or exceed all conditions and requirements of the specification. Goods delivered and rejected in whole or in part may, at TXDPS option, be returned to the Bidder or held for disposition at Bidder's expense. Latent defects may result in revocation of acceptance.

7. AWARD OF CONTRACT:

A response to this IFB is an offer to contract based upon the terms, conditions, and specifications contained herein. Bids do not become contracts until they are accepted through an open market purchase order. This contract shall be governed, construed, and interpreted under the laws of the State of Texas. State agencies shall report a contractor's performance on any purchase of \$25,000 or more from contracts administered by the commission or any other purchase made through an agency's delegated authority or a purchase made pursuant to the authority in Government Code, Title D, Subtitle D or a purchase exemption from CPA/TPASS procurement rules and procedures.

8. PAST PERFORMANCE:

A Bidder's past performance shall be measured based upon pass/fail criteria, in compliance with applicable provisions of Texas Government Code, Title 10, Subtitle D, Section 2155.074, Section 2155.075, Section 2156.007, Section 2157.003 and Section 2157.125 and Texas Administrative Code, Title 1, Chapter 113.6, information obtained from the Texas Procurement and Support Services' Contractor Performance Tracking System may be used in evaluating responses to IFBs for goods and services to determine the best value for the State. Bidder may fail this selection criterion for any of the following conditions:

8.1 A score of less than 90% in the Contractor Performance System;

8.2 Currently under a Corrective Action Plan through TXDPS;

8.3 Having repeated negative Contractor Performance Reports for the same reason;

8.4 Having purchase orders that have been cancelled in the previous 12 months for non-performance (i.e. late delivery, etc.).

Contractor performance information is located on the CPA web site at:

http://www.window.state.tx.us/procurement/prog/Vendor_performance/

9. PAYMENT:

Contractor shall submit 2 copies of an itemized invoice showing TXDPS/TDEM Purchase Order number on all copies. TXDPS shall incur no penalty for late payment if payment is made in 30 or fewer days from receipt of goods or services and an uncontested invoice. Payment shall be made in accordance with Chapter 2251, Gov't Code.

10. PATENTS, TRADEMARKS OR COPYRIGHTS:

Contractor agrees to defend and indemnify TXDPS from claims involving infringement or violation of patents, trademarks, copyrights, trade secrets, or other proprietary rights, arising out of the TXDPS or the State's use of any good or service provided by the Bidder as a result of this IFB.



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

11. BIDDER ASSIGNMENTS:

Contractor hereby assigns to TXDPS any and all claims for overcharges associated with this Contract arising under the antitrust laws of the United States 15 U.S.C.A. §1, *et seq.*, and the antitrust laws of the State of Texas, Tex. Bus. & Comm. Code §15.01, *et seq.*

12. BIDDER AFFIRMATIONS:

Signing this Bid with a false statement is a material breach of Contract and shall void the submitted Bid and any resulting contracts, and the Bidder shall be removed from all Bid lists. By signature hereon affixed, the Bidder hereby certifies that:

- 12.1 The Bidder has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted Bid.
- 12.2 Pursuant to 15 U.S.C. §1, *et seq.* and Tex. Bus. & Comm. Code §15.01, *et seq.* neither the Bidder nor the firm, corporation, partnership, or institution represented by the Bidder, or anyone acting for such a firm, corporation or institution has violated the antitrust laws of this state, federal antitrust laws, nor communicated directly or indirectly the Bid made to any competitor or any other person engaged in such line of business.
- 12.3 Pursuant to §231.006(d), Texas Family Code, regarding child support, the Bidder certifies that the individual or business entity named in this Bid is not ineligible to receive the specified payment and acknowledges that the Contract may be terminated and payment may be withheld if this certification is inaccurate. Furthermore, any Bidder subject to §231.006, Gov't Code, shall include names and Social Security numbers of each person with at least 25% ownership of the business entity submitting the Bid. This information shall be provided prior to award. Enter the Name & Social Security Numbers for each person below:

NA	Social Security Number:
NA	Social Security Number:
NA	Social Security Number:

- 12.4 As required by §2252.903, Gov't Code, Bidder agrees that any payments due under a Contract resulting from this IFB shall be directly applied towards eliminating any debt or delinquency including, but not limited to, delinquent taxes, delinquent student loan payments, and delinquent child support, until the debt is paid in full. Bidder shall comply with rules adopted by TXDPS under §§403.055, 403.0551, 2252.903, Gov't Code and other applicable laws and regulations regarding satisfaction of debts or delinquencies to the State of Texas.
- 12.5 Under §2155.004, Gov't Code, the Bidder certifies that the individual or business entity named in this Bid or any Contract resulting from this IFB is not ineligible to receive the specified Contract and acknowledges that the Contract may be terminated and payment withheld if this certification is inaccurate. §2155.004 prohibit a person or entity from receiving a state contract if they received compensation for participating in preparing the IFB or specifications for the Contract.
- 12.6 Pursuant to §669.003, Gov't Code, TXDPS may not enter into a Contract with a person who employs a current or former executive head of any state agency until four years has passed since that person was the executive head of the state agency. By submitting a Bid, the Bidder certifies that it does not employ any person who was the executive head of any state agency in the past four years. If Bidder does employ a person who was the executive head of a state agency, provide the following information:

Name of Former Executive: NA

Name of State Agency: NA

Date of Separation from State Agency: NA

Position with Bidder: NA



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

Date of Employment with Bidder: NA

- 12.7 In accordance with §2155.4441, Gov't Code, Bidder agrees that during the performance of a Contract for services it shall purchase products and materials produced in Texas when they are available at a price and time comparable to products and materials produced outside this state.
- 12.8 Bidder certifies that the bidding entity and its principals are eligible to participate in this transaction and have not been subjected to suspension, debarment, or similar ineligibility determined by any federal, state or local governmental entity and that Bidder is in compliance with the State of Texas statutes and rules relating to procurement and that Bidder is not listed on the federal government's terrorism watch list as described in Executive Order 13224. Entities ineligible for federal procurement are listed at the following <https://www.sam.gov/portal/public/SAM/>
- 12.9 Sections 2155.006 and 2261.053, Gov't Code, prohibit state agencies from awarding contracts to any person who, in the past five years, has been convicted of violating a federal law or assessed a penalty in connection with a contract involving relief for Hurricane Rita, Hurricane Katrina, or any other disaster, as defined by §418.004, Gov't Code, occurring after September 24, 2005. Under §2155.006, Gov't Code, Bidder certifies that the individual or business entity named in its Bid is not ineligible to receive a Contract and acknowledges that any contract resulting from this IFB may be terminated and payment withheld if this certification is inaccurate.
- 12.10 Bidder represents and warrants that payment to the Bidder and the Bidder's receipt of appropriated or other funds under any Contract resulting from this IFB are not prohibited by §556.005 or §556.008, Gov't Code, relating to the prohibition of using state funds for lobbying activities.
- 12.11 Bidder represents and warrants that it has no actual or potential conflicts of interest in providing the requested items to TXDPS under the IFB and any resulting Contract, if any, and that Bidder's provision of the requested items under the IFB and any resulting Contract, if any, would not reasonably create an appearance of impropriety.

13. PROTEST PROCEDURES:

Any actual or prospective Bidder who is aggrieved in connection with this IFB, evaluation, or award of any Contract resulting from this IFB may formally protest as provided in TXDPS' rules at 37 TAC Rule 1.231.

14. DISPUTE RESOLUTION:

The dispute resolution process provided for in Chapter 2260, Gov't Code shall be used by the Contractor to attempt to resolve any dispute arising under any Contract resulting from this IFB.

15. AVAILABILITY OF FUNDS FOR NEXT FISCAL YEAR AND LEGISLATIVE ACTIONS:

A. TXDPS is a State agency whose authority is subject to the actions of the Texas Legislature and the United States Congress. All obligations of TXDPS are subject to the availability of legislative appropriations or, if applicable, the availability of federal funds applicable to this Contract. The Contractor acknowledges that the ability of TXDPS to make payments under this Contract is contingent upon the availability of funds. The Contractor further acknowledges that funds may not be specifically appropriated for this Contract and the Department's continual ability to make payments under this Contract is contingent upon the funding levels appropriated to TXDPS.

B. If TXDPS and/or the subject matter of this Contract become subject to a legislative or regulatory change or the revocation of statutory or regulatory authority that would render the deliverables to be provided under this Contract impossible, unnecessary, void, or substantially amended or that would terminate the appropriations for this Contract, the Department may immediately terminate this Contract, in whole or in part, without penalty to, or any liability whatsoever on the part of TXDPS, the State of Texas, and the United States. Termination under this section is immediate, so TXDPS is not required to provide thirty (30) calendar days' written notice.

C. TXDPS is a State agency receiving grant funding from State or Federal Grantor sources. If the State or Federal Grantor terminates or reduces the funding necessary for performance of this Contract, TXDPS may immediately terminate this Contract, in whole or in part, without penalty to, or any liability whatsoever on the part of TXDPS, the State of Texas,



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

and the United States. Termination under this section is immediate, so TXDPS is not required to provide thirty (30) calendar days' written notice.

D. If funding or appropriations for this Contract is reduced by law, the statutory amount of compensation authorized for the Contractor is reduced by law, or the Legislative Budget Board requests TXDPS to reduce TXDPS budget by a certain percentage, the Department may, upon thirty (30) calendar days' written notice to the Contractor, reduce the deliverables in such manner and for such periods of time as TXDPS may elect.

16. TEXAS PUBLIC INFORMATION ACT:

Notwithstanding any provisions of this IFB to the contrary, Contractor understands that TXDPS shall comply with the Texas Public Information Act (Chapter 552, Gov't Code) as interpreted by judicial opinions and opinions of the Attorney General of the State of Texas. Information, documentation, and other material in connection with this IFB or any resulting Contract may be subject to public disclosure pursuant to the Texas Public Information Act. Within three (3) days of receipt, Bidder shall refer to TXDPS any third party requests, received directly by Bidder, for information to which Contractor has access as a result of or in the course of performance under any Contract resulting from this IFB. Any part of the IFB response that is of a confidential or proprietary nature shall be clearly and prominently marked as such by the Bidder.

TXDPS agrees to notify the Contractor in writing within a reasonable time from receipt of a request for information related to the Contractor's work under this Contract. The contractor shall cooperate with TXDPS in the production of documents responsive to the request. The Department shall make a determination whether to submit a Public Information Act request to the Attorney General. The Contractor shall notify TXDPS within twenty-four (24) hours of receipt of any third party requests for information that was provided by the State of Texas for use in performing this Contract.

The Contractor is required to make any information created or exchanged with the state pursuant to this Contract, and not otherwise accepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge to the state.

17. CONFLICT OF INTEREST:

Under §2155.003, Gov't Code, a TXDPS employee may not have an interest in, or in any manner be connected with a contract or Bid for a purchase of goods or services by an agency of the state; or in any manner, including by rebate or gift, accept or receive from a person to whom a Contract may be awarded, directly or indirectly, anything of value or a promise, obligation, or Contract for future reward or compensation. Any individual who interacts with public purchasers in any capacity is required to adhere to the guidelines established in Section 1.2 of the State of Texas Procurement Manual, which outlines the ethical standards required of public purchasers, employees, and Bidders who interact with public purchasers in the conduct of state business, and with any opinions of or rules adopted by the Texas Ethics Commission. Entities who are interested in seeking business opportunities with the State shall be mindful of these restrictions when interacting with public purchasers of TXDPS or purchasers of other state agencies.

By signing the Execution of Bid, the Bidder affirms that the execution of an agreement between Bidder and the State shall not create a conflict of interest or cause an appearance of a conflict of interest. In its Bid, Bidder shall disclose any existing or potential conflicts of interest or possible issues that might create appearances of impropriety relative to Bidder's (and its proposed subcontractors') submission of a Bid and possible selection as vendor or its performance of the Contract.

If the circumstances certified by Bidder change or additional information is obtained subsequent to submission of Bid, by submitting a response Bidder agrees that it is under a continuing duty to supplement its response under this provision, and Bidder shall submit updated information as soon as reasonably possible upon learning of any change to their affirmation.



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

18. FORCE MAJEURE

Neither Contractor nor TXDPS shall be liable to the other for any delay in, or failure of performance, of any requirement included in any Contract resulting from this IFB caused by force majeure. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing party exercises all reasonable due diligence to perform. Force majeure is defined as acts of God, war, fires, explosions, hurricanes, floods, failure of transportation, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each party shall inform the other in writing, with proof of receipt, within three (3) business days of the existence of such force majeure, or otherwise waive this right as a defense.

19. INDEPENDENT CONTRACTOR:

Contractor is and shall remain an independent contractor in relationship to the TXDPS. TXDPS shall not be responsible for withholding taxes from payments made under any contract resulting from this IFB. Contractor shall have no claim against TXDPS for vacation pay, sick leave, retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits, or employee benefits of any kind.

20. INDEMNIFICATION:

Acts or Omissions

Contractor shall defend, indemnify and hold harmless the State of Texas and Customers, AND/OR THEIR OFFICERS, AGENTS, EMPLOYEES, REPRESENTATIVES, CONTRACTORS, ASSIGNEES, AND/OR DESIGNEES FROM ANY AND ALL LIABILITY, ACTIONS, CLAIMS, DEMANDS, OR SUITS, AND ALL RELATED COSTS, ATTORNEY FEES, AND EXPENSES arising out of, or resulting from any acts or omissions of the Contractor or its agents, employees, subcontractors, Order Fulfillers, or suppliers of subcontractors in the execution or performance of this Contract and any Purchase Orders issued under this Contract. THE DEFENSE SHALL BE COORDINATED BY CONTRACTOR WITH THE OFFICE OF THE ATTORNEY GENERAL WHEN TEXAS STATE AGENCIES ARE NAMED DEFENDANTS IN ANY LAWSUIT AND CONTRACTOR MAY NOT AGREE TO ANY SETTLEMENT WITHOUT FIRST OBTAINING THE CONCURRENCE FROM THE OFFICE OF THE ATTORNEY GENERAL. CONTRACTOR AND TXDPS AGREE TO FURNISH TIMELY WRITTEN NOTICE TO EACH OTHER OF ANY SUCH CLAIM.

Infringements

- a) Contractor shall defend, indemnify and hold harmless the State of Texas, TXDPS, AND/OR THEIR EMPLOYEES, AGENTS, REPRESENTATIVES, CONTRACTORS, ASSIGNEES, AND/OR DESIGNEES from any and all third party claims involving infringement of United States patents, copyrights, trade and service marks, and any other intellectual or intangible property rights in connection with the PERFORMANCES OR ACTIONS OF CONTRACTOR PURSUANT TO THIS CONTRACT. CONTRACTOR AND TXDPS AGREE TO FURNISH TIMELY WRITTEN NOTICE TO EACH OTHER OF ANY SUCH CLAIM. CONTRACTOR SHALL BE LIABLE TO PAY ALL COSTS OF DEFENSE INCLUDING ATTORNEYS' FEES. THE DEFENSE SHALL BE COORDINATED BY CONTRACTOR WITH THE OFFICE OF THE ATTORNEY GENERAL WHEN TEXAS STATE AGENCIES ARE NAMED DEFENDANTS IN ANY LAWSUIT AND CONTRACTOR MAY NOT AGREE TO ANY SETTLEMENT WITHOUT FIRST OBTAINING THE CONCURRENCE FROM THE OFFICE OF THE ATTORNEY GENERAL.
- b) Contractor shall have no liability under this section if the alleged infringement is caused in whole or in part by: (i) use of the product or service for a purpose or in a manner for which the product or service was not designed, (ii) any modification made to the product without Contractor's written approval, (iii) any modifications made to the product by the Contractor pursuant to TXDPS specific instructions, (iv) any intellectual property right owned by or licensed to TXDPS, or (v) any use of the product or service by TXDPS that is not in conformity with the terms of any applicable license agreement.



STANDARD TERMS AND CONDITIONS

Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

- c) If Contractor becomes aware of an actual or potential claim, or TXDPS provides Contractor with notice of an actual or potential claim, Contractor may (or in the case of an injunction against TXDPS, shall), at Contractor's sole option and expense; (i) procure for TXDPS the right to continue to use the affected portion of the product or service, or (ii) modify or replace the affected portion of the product or service with functionally equivalent or superior product or service so that TXDPS use is non-infringing.

Taxes/Workers' Compensation/Unemployment Insurance – Including Indemnity

- 1) CONTRACTOR AGREES AND ACKNOWLEDGES THAT DURING THE EXISTENCE OF THIS CONTRACT, CONTRACTOR SHALL BE ENTIRELY RESPONSIBLE FOR THE LIABILITY AND PAYMENT OF CONTRACTOR'S AND CONTRACTOR'S EMPLOYEES' TAXES OF WHATEVER KIND, ARISING OUT OF THE PERFORMANCES IN THIS CONTRACT. CONTRACTOR AGREES TO COMPLY WITH ALL STATE AND FEDERAL LAWS APPLICABLE TO ANY SUCH PERSONS, INCLUDING LAWS REGARDING WAGES, TAXES, INSURANCE, AND WORKERS' COMPENSATION. TXDPS AND/OR THE STATE SHALL NOT BE LIABLE TO THE CONTRACTOR, ITS EMPLOYEES, AGENTS, OR OTHERS FOR THE PAYMENT OF TAXES OR THE PROVISION OF UNEMPLOYMENT INSURANCE AND/OR WORKERS' COMPENSATION OR ANY BENEFIT AVAILABLE TO A STATE EMPLOYEE OR EMPLOYEE OF ANOTHER GOVERNMENTAL ENTITY CUSTOMER.
- 2) CONTRACTOR AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS TXDPS, THE STATE OF TEXAS AND/OR THEIR EMPLOYEES, AGENTS, REPRESENTATIVES, CONTRACTORS, AND/OR ASSIGNEES FROM ANY AND ALL LIABILITY, ACTIONS, CLAIMS, DEMANDS, OR SUITS, AND ALL RELATED COSTS, ATTORNEYS' FEES, AND EXPENSES, RELATING TO TAX LIABILITY, UNEMPLOYMENT INSURANCE AND/OR WORKERS' COMPENSATION IN ITS PERFORMANCE UNDER THIS CONTRACT. CONTRACTOR SHALL BE LIABLE TO PAY ALL COSTS OF DEFENSE INCLUDING ATTORNEYS' FEES. THE DEFENSE SHALL BE COORDINATED BY CONTRACTOR WITH THE OFFICE OF THE ATTORNEY GENERAL WHEN TEXAS STATE AGENCIES ARE NAMED DEFENDANTS IN ANY LAWSUIT AND CONTRACTOR MAY NOT AGREE TO ANY SETTLEMENT WITHOUT FIRST OBTAINING THE CONCURRENCE FROM THE OFFICE OF THE ATTORNEY GENERAL. CONTRACTOR AND TXDPS AGREE TO FURNISH TIMELY WRITTEN NOTICE TO EACH OTHER OF ANY SUCH CLAIM.

21. RIGHT TO AUDIT:

22. In addition to and without limitation on the other audit provisions of this IFB, pursuant to §2262.003, Texas Government Code, the State Auditor may conduct an audit or investigation of the Bidder or any other entity or person receiving funds from the state directly under this Contract or indirectly through a subcontract under this Contract. The acceptance of funds by the Contractor or any other entity or person directly under this Contract or indirectly through a subcontract under this Contract acts as acceptance of the authority of the State Auditor, under the direction of the legislative Audit Committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative Audit Committee, the Contractor or other entity that is the subject of an audit or investigation by the State Auditor shall provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. This Contract may be amended unilaterally by TXDPS to comply with any rules and procedures of the State Auditor in the implementation and enforcement of §2262.003, Texas Government Code. The Contractor shall ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through the Contractor and the requirement to cooperate is included in any subcontract it awards. **PUBLIC SAFETY COMMISSION REVIEW:**

The Texas Public Safety Commission or the Commission's designee ("Commission") shall receive notification of the following contracts awarded by the Texas Department of Public Safety (Department) since the last commission meeting.

- 22.1 Contract valued at one million dollars and 00/100 (\$1,000,000.00) or more, including available renewal options.
- 22.2 Contract Amendments (other than exercise of available renewal options) valued at \$100,000.00 or more that increase the value of the original contracts by 50% or more; and
- 22.3 Contract amendments (other than exercise of available renewal options) valued at \$500,000 or more.



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

The Assistant Director, Administration, shall submit these reports to the Commission.

The Commission shall review contracts prior to or after award by TXDPS if required by applicable law.

23. NEWS RELEASES, ADVERTISEMENTS AND PUBLICITY:

Contractor shall not make any news releases, public announcements, or public disclosures, nor shall it have any conversations with representatives of the news media, pertaining to this contract, without the express, prior written approval of TXDPS, and then only in accordance with explicit written instructions from TXDPS. Contractor shall not use the name of the State of Texas or TXDPS in any advertisement, promotion or otherwise for any purpose regarding this Contract without the express prior written consent of TXDPS. TXDPS is not authorized to provide endorsements.

24. REDACTED DOCUMENTS:

Contractor shall be required to include electronically, a redacted copy of the Contractor's Bid with specified private information removed, plus an overview of the nature of the information removed.

25. CRIMINAL HISTORY BACKGROUND:

Contractor shall have its project personnel submit to a TXDPS fingerprint-based criminal history background investigation, if required by TXDPS. To facilitate this criminal history background investigation, each person shall be required to complete the TXDPS Contractor Background Information form (HR-22), which shall be provided by TXDPS. Contractor is not responsible for any costs associated with obtaining any fingerprints for the criminal history background investigation.

If TXDPS requires a fingerprint-based criminal history background investigation, Contractor shall not allow personnel to work on the project who have not successfully completed a TXDPS fingerprint-based criminal history background investigation and who do not otherwise maintain a TXDPS security clearance. In addition, TXDPS has the right to prevent the Contractor's personnel from gaining access to the TXDPS building(s) and computer systems if TXDPS determines that such personnel do not pass the background check or fail to otherwise maintain a TXDPS security clearance.

26. ACCESSIBILITY:

Effective September 1, 2006, State Agencies and Institutions of Higher Education shall procure products which comply with the State of Texas Accessibility requirements for Electronic and Information Resources specified in 1 TAC, Chapter 213 and 1 TAC, Chapter 206 when such products are available in the commercial marketplace or when such products are developed in response to a procurement Solicitation.

27. STATUTORY REPORTING REQUIREMENTS:

Pursuant to Government Code 322.020 state agencies shall report certain major contracts and their contents to the Legislative Budget Board (LBB). The LBB posts major contracts and their contents onto a public database. Submission of contract materials, regardless of confidentiality indications in the contract materials, shall be considered the Contractor's recognition of the stated statute and the Contractor's consent to the TXDPS' submission to LBB for publication.

28. ABANDONMENT OR DEFAULT:

If the Contractor defaults on this contract, TXDPS reserves the right to cancel this contract without notice and either re-solicit or re-award this contract to the next best responsive and responsible Bidder. The defaulting Contractor shall not be considered in the re-IFB and may not be considered in future IFBs for the same type of work, unless the specification or scope of work significantly changed. The period of suspension shall be determined by the agency based on the seriousness of the default.



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

29. ASSIGNMENT:

Without the prior written consent of TXDPS, Contractor may not assign this Contract, in whole or in part, and may not assign any right or duty required under it.

30. DRUG FREE WORKPLACE POLICY:

The Contractor shall comply with the applicable provisions of the Drug-Free Work Place Act of 1988 (Public Law 100-690, Title V, Subtitle D; 41 U.S.C. 701 ET SEQ.) and maintain a drug-free work environment; and the final rule, government-wide requirements for drug-free work place (grants), issued by the Office of Management and Budget and the Department of Defense (32 CFR Part 280, Subpart F) to implement the provisions of the Drug-Free Work Place Act of 1988 is incorporated by reference and the Contractor shall comply with the relevant provisions thereof, including any amendments to the final rule that may hereafter be issued.

31. NOTICE:

Any written notices required under this Contract shall be hand delivered, emailed or sent via certified mail to the Contractor's office address specified herein. Notices to TXDPS/TDEM shall be hand delivered, emailed or sent via certified, return receipt requested to: TXDPS/TDEM, 5805 N. Lamar Blvd., Austin, Texas 78752. Notice shall be effective on receipt by the affected party. Either party may change the designated notice address in this Section by written notification to the other party.

32. TERMS AND CONDITIONS:

Any Contractor terms and conditions attached to a bid response shall not be considered and may result in disqualification.

33. INSURANCE:

Awarded Bidder shall comply with State of Texas Workers Compensation Insurance regulations and maintain commercial general liability insurance until work covered in this contract is completed and accepted by TXDPS. Proof of insurance shall be provided upon request by TXDPS. Prior to the commencement of work under this contract, the Contractor shall procure and maintain at its expense during the term of the Contract or any extensions thereof, insurance as listed below. Insurance shall be written by companies acceptable to the Department and authorized to do business in the State of Texas. Policies shall include terms and provisions indicated below. The Contractor shall provide and make available, at no cost to TXDPS, copies of policy declaration pages and policy endorsements and furnish evidence of the following insurance:

33.1 Workers' Compensation and Employers' Liability coverage with minimum policy limits for employers' liability of \$1,000,000.00 bodily injury per accident, \$1,000,000.00 bodily injury disease policy limit and \$1,000,000.00 per disease, per employee. Workers' compensation insurance coverage shall meet the statutory requirements of Texas Labor Code, Section 401.011(46). Certification in writing from contractor and subcontractors shall be provided to TXDPS in accordance with Texas Labor Code, Section 406.096.

33.2 Commercial General Liability Insurance including, but not limited to:

- a) Premises/Operations, Personal injury & Advertising Liability, Products/Completed Operations, Independent Contractors and Contractual Liability with minimum combined bodily injury (including death) and property damage limits of one million and 00/100 dollars (\$1,000,000.00) per occurrence,
- b) One million and 00/100 dollars (\$1,000,000.00) products/completed operations aggregate and
- c) Two million and 00/100 (\$2,000,000.00) general aggregate.
- d) Medical Expense each person: \$5,000
- e) Damage to premises rented to you: \$50,000

33.3 The policy shall contain the following provisions:

- a) Blanket contractual liability coverage for liability assumed under this contract;
- b) Independent contractors' coverage;
- c) State of Texas, TXDPS, its officials, directors, employees, representatives and volunteers shall be listed as Additional insured's;



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

- d) Thirty (30) day Notice of Cancellation in favor of TXDPS; and
- e) Waiver of Transfer Right of Recovery against Others in favor of TXDPS.
- 33.4 Business Automobile Liability Insurance for all owned, non-owned and hired vehicles with a minimum combined single limit of \$1,000,000.00 per occurrence for bodily injury and property damage.
- 33.5 Alternate acceptable limits are \$250,000.00 bodily injury per person, \$500,000.00 bodily injury per occurrence and at least \$100,000.00 property damage liability per accident.
- 33.6 If this insurance is written on a claims-made form, coverage shall be continuous (by renewal or extended reporting period) for not less than sixty (60) months following completion of this Contract and acceptance by TXDPS.
- 33.7 Coverage, including any renewals, shall have the same retroactive date as the original policy applicable to this Contract. Civil Rights Liability shall be provided with the same liability limits. It may be included within the General Liability policy or written on a separate policy;
- 33.8 Liability coverage shall include coverage for damage to property and injury to persons caused by boiler and other equipment malfunction. The policy shall contain an endorsement to include coverage for the property of third parties.

TXDPS shall be named as an additional insured by using endorsement CG2026 or broader.

If insurance policies are not written for amounts specified above, the Contractor shall carry Umbrella or Excess Liability Insurance for any differences in amounts specified. If Excess Liability insurance is provided, it shall follow the form of the primary coverage.

Each policy of required insurance shall provide for thirty (30) days written notice of cancellation to TXDPS and include the following provisions. "It is a condition of this policy that the Company shall furnish written notice to TXDPS, Contract Administrator, Procurement and Contract Services Bureau, 5805 North Lamar Blvd, Austin, TX 78752 thirty (30) days in advance of any reduction in, or cancellation of this policy".

Insurance shall be effective and evidence of acceptable insurance furnished to TXDPS, prior to commencing any operations under this Contract.

Required Provisions: The Contractor agrees that with respect to the above required insurance, all insurance contracts and certificate(s) of insurance shall contain and state, in writing, the following required provisions:

- 33.9 Name TXDPS and its commissioners, officers, and employees as additional insured to all applicable policies.
- 33.10 Waive subrogation against TXDPS, its commissioners, officers and employees, for bodily injury (including death), property damage or any other loss.
- 33.11 Provide that the Contractor's insurance is the primary insurance in regards to the Department, its commissioners, officers, and employees
- 33.12 Provide that all provisions of this Contract concerning liability, duty and standard of care, together with the indemnification provision, shall be underwritten by contractual liability coverage sufficient to include such obligations within applicable policies.
- 33.13 Ensure that all certificates of insurance identify the service or product being provided and the name of responsible party.
- 33.14 The Contractor through an insurance agent licensed by the State of Texas shall obtain all insurance coverage and an insurance company licensed to issue such coverage in this State shall provide such coverage. No "self-insurance" coverage shall be acceptable. Local governmental entities, such as municipalities or counties, may submit proof of financial responsibility acceptable to TXDPS in lieu of commercial insurance policies.
- 33.15 All insurance coverage obtained by the Contractor shall continue in full force and effect during the term of this Contract... No Contract shall be entered into between the Contractor and TXDPS unless insurance coverage binders are received by the date scheduled for the execution of the Contract. Proof of insurance



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

- 33.16 policies shall be delivered prior to the date on which the services of the Contractor shall commence. All insurance coverage shall be provided by insurance carrier duly licensed, admitted and authorized to do business in Texas. All insurance carriers shall be, at a minimum, rated "A" or better by A.M. Best or equivalent rating by a similar insurance rating service. The Contractor may choose the amount of deductible for any other insurance coverage required (above) to be obtained by the Contractor, but in no event shall such deductible for each occurrence exceed five (5) percent of the required yearly aggregate limit of coverage.
- 33.17 The Contractor is responsible for the first dollar defense coverage. All general liability and professional liability policies shall provide defense in addition to the policy limits.
- 33.18 The limits required herein are minimum acceptable. However, these limits are not to be construed as being the maximum any prospective Contractor may wish to purchase for their own benefit.

34. TERMINATION:

This contract may be terminated or cancelled in any of the following circumstances:

- 34.1 **TERMINATION BY DEFAULT:** In the event that Contractor fails to carry out or comply with any of the requirements of this Contract (including but not limited to any statement, representation or warranty in this Contract that is false, misleading, or erroneous in any material respect) with TXDPS, TXDPS may notify Contractor of such failure or default in writing and demand that the failure or default be remedied within ten (10) calendar days. In the event that Contractor fails to remedy such failure or default within the ten (10) calendar day period, TXDPS shall have the right to cancel this Contract upon ten (10) days' written notice.
- 34.2 **TERMINATION FOR UNAVAILABILITY OF FUNDS:** This Contract may be terminated as provided in the section herein entitled "Availability of Funds; Legislative Action." The Parties understand and agree that the obligations of TXDPS under this Contract are contingent upon the availability of funds to meet TXDPS liabilities hereunder. If these funds become unavailable to TXDPS, TXDPS may immediately terminate this Contract without penalty to or any liability whatsoever on the part of TXDPS, the State of Texas, and the United States.
- 34.3 **TERMINATION FOR CONVENIENCE:** This Contract may be terminated, without Penalty, by TXDPS, without cause by giving thirty (30) calendar days written notice of such termination to Contractor.
- 34.4 **TERMINATION BY MUTUAL AGREEMENT:** This Contract may be terminated upon mutual written agreement.
- 34.5 **TERMINATION FOR CAUSE:** This Contract may be terminated by TXDPS if Contractor fails to perform as agreed or is otherwise in default, without the necessity of complying with the requirements in the section herein entitled "Termination by Default." TXDPS shall provide Contractor with written notice to terminate this Contract, which termination shall become effective immediately upon Contractor's receipt of the notice.
- 34.6 **TERMINATION FOR LISTING ON FEDERAL EXCLUDED PARTY LIST, THE TERRORISM LIST (EXECUTIVE ORDER 13224) OR ON THE STATE OF TEXAS DEBARRED CONTRACTOR LIST:** TXDPS shall have the absolute right to terminate this Contract without recourse as follows:
- 1) If Contractor becomes listed on the prohibited Contractors list authorized by Executive Order #13224 "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism," published by the United States Department of Treasury, Office of Foreign Assets Control; or
 - 2) If Contractor becomes suspended or debarred from doing business with the federal government as listed in the Systems for Award Management List (SAM) maintained by the General Services Administration; or
 - 3) If Contractor becomes listed on the State of Texas Debarred Contractor List TXDPS shall provide Contractor with written notice to terminate this Contract, which termination shall become effective immediately upon Contractor's receipt of the notice.
- 34.7 **GENERAL TERMINATION PROVISIONS:**
- 1) **The termination of this Contract, under any circumstances whatsoever, shall not affect or relieve Contractor from any obligation or liability that may have been incurred pursuant to**



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

- this Contract, and such cancellation by TXDPS shall not limit any other right or remedy available to TXDPS at law or in equity.
- 2) This Contract does not grant Contractor a franchise or any other vested property right.
 - 3) In the event of termination hereunder, TXDPS shall not be considered in default or breach of this Contract, nor shall it give rise to any liability whatsoever on the part of TXDPS whether such claims of Contractor are for compensation of anticipated profits, unabsorbed overhead, interest on borrowing, or for any other reason.
 - 4) Contractor shall, unless mutually agreed upon in writing, cease all work immediately upon the effective date of termination. TXDPS shall be liable for payments limited only to the portion of the work TXDPS authorized in writing and which Contractor has completed, delivered to TXDPS, and which has been accepted by TXDPS. All such work shall have been completed, per this Contract's requirements, prior to the effective date of termination.
 - 5) TXDPS reserves the right to recover reasonable costs, fees, expenses, and other amounts or damages available to TXDPS under this Contract or under applicable law, including, but not limited to, attorneys' fees and court costs, if termination is at Contractor's request or if termination is for cause. This right is in addition to any other remedies available to TXDPS under this Contract or applicable law. TXDPS reserves the right to pursue any and all applicable rights and remedies if this Contract is terminated for any reason and TXDPS expressly waives no such rights or remedies.
 - 6) If this Contract is terminated for cause or default, TXDPS reserves the right to re-solicit or re-award this Contract to the next best responsive and responsible Bidder. TXDPS shall not consider the defaulting Contractor in the re-IFB and TXDPS may not consider the defaulting Contractor in future IFBs for the same type of work, unless the specification or scope of work significantly changes.
 - 7) If this Contract is terminated for any reason, TXDPS and the State of Texas shall not be liable to Contractor for any damages, claims, losses, or any other amounts arising from or related to any such termination.
 - 8) However, Contractor may be entitled to the remedies provided in Texas Government Code, Chapter 2260.

35. HISTORICALLY UNDERUTILIZED BUSINESS PARTICIPATION REQUIREMENTS:

This Subsection applies if TXDPS determined that sub-contracting opportunities were probable for procurements/ contracts with an estimated value of \$100,000 and over.

35.1 Definitions.

For purposes of this Section:

- 1) "**Historically Underutilized Business**" or "**HUB**" means an entity where its principle place of business is in Texas and 51% or more is owned and operated by one or more economically disadvantaged persons as defined by Texas Government Code, §2161.001, and, Texas Administrative Code, Title 34, §20.12.
- 2) "**HSP**" means a HUB Subcontracting Plan.
- 3) "**HUB requirements**" means this section is governed as defined by Texas Government Code, §2161.252(b) - §2161.253, and, Texas Administrative Code Title 34, §20.14.

35.2 HUB Requirements.

- 1) Contractor shall submit an HSP for TXDPS's approval within its Bid response.
- 2) Contractor shall submit a report to TXDPS's contract manager and the TXDPS HUB Program Office monthly, in the format required by the TXDPS HUB Program Office, of its use of subcontractors (i.e., HUBs and Non-HUBs) to fulfill the subcontracting opportunities identified in the HSP.
- 3) If the Parties amend the Agreement to include a change to the scope of work, should the TXDPS HUB Program Office determine a probability for additional subcontracting opportunities, the Contractor shall submit a HSP Change Request Form and, if applicable, a revised HSP to the TXDPS HUB Program Office. All proposed changes to the HSP shall comply with the requirements of

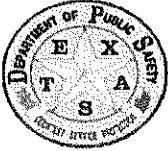


STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

- Section 33(b), (4).
- 4) Contractor shall obtain prior written approval from the TXDPS HUB Program Office before making any changes to the HSP. The proposed changes shall comply with TXDPS's HUB Program Office good faith effort requirements relating to the development and submission of a HSP.
 - 5) TXDPS's HUB Program Office shall determine if the Contractor made a good faith effort to utilize HUBs for subcontracting opportunities identified in the procurement/contract as it relates to **Section 33(b), (1), (3), and (4)**, and, the HUB subcontracting provisions specified in the Contractor's HSP.
 - 6) During the term of this Contract, if the TXDPS HUB Program Office determines that the Contractor's subcontracting activity does not demonstrate a good faith effort, the Contractor may be subject to provisions in the Contractor Performance and Debarment Program (34 T.A.C., Part 1, Chapter 20, Subchapter C, Rule §20.105), and subject to remedies for Breach of contract.
- 36. CERTAIN BIDS AND CONTRACTS PROHIBITED (Sec. 2155.004):**
This Contract may be terminated, without penalty, by TXDPS, without cause by giving thirty (30) calendar days written notice of such termination to Contractor.
- 36.1 A state agency may not accept a Bid or award a contract that includes proposed financial participation by a person who received compensation from the agency to participate in preparing the specifications or request for bids on which the Bid or contract is based.
 - 36.2 A Bid or award subject to the requirements of this section shall include the following statement:
Under Section 2155.04, Government Code, the contractor certifies that the individual or business entity named in this Bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate.
 - 36.3 If a state agency determines that an individual or business entity holding a state contract was ineligible to have this contract accepted or awarded under Subsection 37.1, the state agency may immediately terminate this contract without further obligation to the contractor.
 - 36.4 This section does not create a cause of action to contest a Bid or award of state contract. This section does not prohibit a Bidder or contract participant from providing free technical assistance to a state agency.
- 37. APPLICABLE LAW VENUES:**
This Contract shall be governed and construed in accordance with the laws of the State of Texas. The venue of any suite arising under this Contract is fixed in any court of competent jurisdiction of Travis County, Texas.
- 38. OWNERSHIP/INTELLECTUAL PROPERTY, INCLUDING RIGHTS TO DATA, DOCUMENTS AND COMPUTER SOFTWARE:**
For the purposes of this Contract, the term "Work" is defined as all reports, statistical analyses, work papers, work products, materials, approaches, designs, specifications, systems, documentation, methodologies, concepts, research, materials, intellectual property or other property developed, produced, or generated in connection with this Contract. All work performed pursuant to this Contract is made the exclusive property of TXDPS. All right, title and interest in and to said property shall vest in TXDPS upon creation and shall be deemed to be a work for hire and made in the course of the services rendered pursuant to this Contract. To the extent that title to any such work may not, by operation of law, vest in TXDPS, or such work may not be considered a work made for hire, all rights, title and interest therein are hereby irrevocably assigned to TXDPS. TXDPS shall have the right to obtain and to hold in its name any and all patents, copyrights, registrations or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof. Contractor shall give TXDPS and/or the State of Texas, as well as any person designated by TXDPS and/or the State of Texas, all assistance required to perfect the rights defined herein without any charge or expense beyond those amounts payable to Contractor for the services rendered under this Contract.

Contractor shall maintain and retain supporting fiscal and any other documents relevant to showing that any payments under this Contract funds were expended in accordance with the laws and regulations of the State of



STANDARD TERMS AND CONDITIONS
Revised 8/13/2014

ITEMS BELOW APPLY TO AND BECOME PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING

Texas, including but not limited to, requirements of the Comptroller of the State of Texas and the State Auditor. Contractor shall maintain all such documents and other records relating to this Contract and the State's property for a period of four (4) years after the date of submission of the final invoices or until a resolution of all billing questions, whichever is later. Contractor shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all documents and other information related to the "Work". Contractor and the subcontractors shall provide the State Auditor with any information that the State Auditor deems relevant to investigation or audit. Contractor shall retain all work and other supporting documents pertaining to this Contract, for purposes of inspecting, monitoring, auditing, or evaluating by TXDPS and any authorized agency of the State of Texas, including an investigation or audit by the State Auditor.

Contractor shall cooperate with any authorized agents of the State of Texas and shall provide them with prompt access to all of such State's work as requested. Contractor's failure to comply with this Section shall constitute a material breach of this Contract and shall authorize the TXDPS and the State of Texas to immediately assess appropriate damages for such failure. Pursuant to Government Code, §2262.003 the acceptance of funds by Contractor or any other entity or person directly under this Contract, or indirectly through a subcontract under this Contract, shall constitute acceptance of the authority of the State Auditor to conduct an audit or investigation in connection with those funds. Contractor acknowledges and understands that the acceptance of funds under this Contract shall constitute consent to an audit by the State Auditor, Comptroller or other agency of the State of Texas. Contractor shall ensure that this paragraph concerning the State's authority to audit funds received indirectly by subcontractors through Contractor and the requirement to cooperate is included in any subcontract it awards. Furthermore, under the direction of the legislative audit committee, an entity that is the subject of an audit or investigation by the State Auditor shall provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit.

39. TAXES:

Purchases made for state uses are exempt from Texas State Sales Tax and Federal Excise Tax. An Excise Tax Exemption Certificate shall be furnished upon written request.

40. SUBSTITUTIONS:

Substitutions are not permitted without written approval of the Texas Department of Public Safety.

ATTACHMENTS

List of Attachments	Description	Page Number
Attachment A	Scope of Work	25-30
Attachment B	Application for Texas Identification Number	31-33
Attachment C	Request for Taxpayer Identification Number and Certification	34-38
Attachment D	Direct Deposit Authorization	39-41
Attachment E	Drawings Intentionally Left Blank.....	42
Attachment F	Wage Rates Intentionally Left Blank.....	43
Attachment G	Verification of Experience Form	44-45
Attachment H	HUB Subcontracting Plan	46-65
Attachment I	Checklist.....	66-67

ATTACHMENT A

SCOPE OF WORK

VENDOR MANAGED INVENTORY OF EMERGENCY MEALS

1. INTRODUCTION

The Texas Department of Public Safety (TXDPS), Division of Emergency Management (TDEM) is soliciting Bids in response to this IFB for Vendor Managed Inventory of Emergency Meals (VMIEM) to supply, warehouse, and ship pre-packed, shelf-stable meals.

2. BACKGROUND

The federal government's records for disaster declarations date back to 1953. Since that time, there have been more disaster declarations for Texas than any other state or protected territory. Compounding the frequency with which natural disasters or other hazard events impact the state are the size of the state and the number of residents. Texas is the second-largest state in the US, both in population, with over twenty-six million (26,000,000) residents, and in size, covering two hundred sixty-eight thousand five hundred eighty-one (268,581) square miles, making the state larger than 4/5ths of the countries in the world. Due to the population, size, frequency of disasters and other emergencies known to occur within the State of Texas the Texas Department of Public Safety TXDPS/Texas Division of Emergency Management (TDEM) shall effectively prepare for and respond to all-hazard events.

TDEM, a division of the TXDPS, coordinates the state's emergency management program, which is intended to ensure the state and its local governments respond to and recover from emergencies and disasters and to implement plans and programs to help prevent or lessen the impact of emergencies and disasters.

3. SCOPE

The purpose of this IFB is to provide sustenance to persons within the state of Texas affected by disasters or other events. The meals shall be nutritionally sound, safe, palatable, and shelf-stable, offer variety, and contain self-heating capabilities. These meals are intended for short term use only; they are not meant to provide a long-term solution for persons unable to obtain or prepare meals.

TXDPS/TDEM intends to purchase a minimum of seven hundred fifty thousand (750,000) up to three million (3,000,000) self-heating emergency meals. The cost of each meal shall include storage of all meals and ancillary services by the awarded Contractor.

Payment for the meals shall be made upon proper notification that the order has been filled and invoicing pursuant to the Texas Government Code; however, TXDPS/TDEM shall not take physical possession of the meals until they are delivered to a location specified by TXDPS/TDEM. Until TXDPS/TDEM requests delivery of the meals, the Contractor shall be responsible for the proper storage of the meals purchased under this IFB. Contractor shall arrange and provide all transportation and shipping of meals issued at TXDPS/TDEM's instruction at TXDPS/TDEM's expense.

4. CONTRACTOR QUALIFICATIONS

The Contractor shall meet the following qualifications to be considered under this IFB:

4.1 Length of Time in the VMIEM Business

Contractor shall have at least ten (10) years of experience in providing Vendor Managed Inventory (VMI) services for the provision of emergency meals.

4.2 Support of State and Federal Disasters

Contractor shall have provided emergency meals to a minimum of five (5) state and/or federal level disasters.

4.3 Level of Support

Contractor shall have provided a minimum of five hundred thousand (500,000) meals, for a single event, to federal, state, or local entities under a VMI program.

4.4 Performance Evaluation

Contractor shall have performed the requirements noted in 4.2 and 4.3 to the satisfaction of the supported entities. TXDPS procurement office shall verify these requirements by checking the information that Contractors submit on the Verification of Experience form found under Attachment G of the Bid package.

4.5 Delivery Abilities

Contractor shall have the ability to deliver one hundred thousand (100,000) meals anywhere in Texas within thirty-six (36) hours of official notification from TXDPS/TDEM.

4.6 Verification of Experience

Contractor shall complete Attachment G "Verification of Experience Form" detailing its previous experience meeting the above qualification requirements 4.1 through 4.3 and provide information explaining how it has met or shall be able to meet qualification requirement number 4.5.

5. SPECIFICATIONS OR REQUIREMENTS**5.1 Meals**

5.1.1 All meals shall meet applicable USDA and US Department of Health and Human Services acceptable nutritional and packaging standards.

5.1.2 Each meal shall provide a minimum of one thousand (1,000) calories.

5.1.3 Each meal shall have a minimum shelf life of five (5) years.

5.1.4 All entrées shall include a self-heating mechanism.

5.2 Packaging

5.2.1 The packaging for each meal shall contain the required federal nutrition labeling.

5.2.2 Meals shall be packed with a minimum of four (4) varieties per case.

5.2.3 Varieties shall be evenly distributed within the case.

5.2.4 Cases shall be of sizes that are easily handled manually and able to fit in the cabin or trunk of a standard-size automobile.

5.3 Meal Storage/Inventory Services

5.3.1 Contractor shall store all meals purchased by TXDPS/TDEM in a manner that maintains maximum shelf life, palatability, appearance, safety, and viability of the meals.

5.3.2 Contractor shall perform all necessary warehousing and inventory services to effectively manage TXDPS/TDEM's stock of meals.

5.3.3 Contractor shall provide storage and inventory services for the term of this contract that shall include any meal that has not reached the expiration date stamped on the product.

5.3.4 All costs for warehousing meals shall be included in the purchase cost of each meal.

5.4 Stock Issues

If TDEM requests product for shipment or allows the Contractor to release product, the awarded Contractor shall rotate oldest stock first using the first in first out (FIFO) rule for dates of expiration.

5.5 Shipping/Transportation

- 5.5.1 The Contractor shall handle all shipping/transportation arrangements for meals issued at TXDPS/TDEM's instruction and at TXDPS/TDEM's expense.
- 5.5.2 Contractor shall provide TDEM an estimated shipping cost at the time of TXDPS/TDEM's instruction to ship meals.
- 5.5.3 Based upon the current climate conditions in the area of need within the State of Texas, TXDPS/TDEM may request that meals issued at TDEM's request shall be shipped in refrigerated trailers. TXDPS/TDEM may request that refrigerated/non-refrigerated trailers be left on site for storage purposes. If refrigeration is required, notification shall be made on the order instructions.
- 5.5.4 Meals shall be palletized on standard forty-eight inch by forty inch (48" x 40") wooden or plastic pallets and wrapped in shrink wrap, to include the top of the pallet.
- 5.5.5 Issuance of up to one hundred thousand (100,000) meals shall be delivered to designated site(s) within thirty-six (36) hours of official instruction. For issuances greater than one hundred thousand (100,000) meals, the first one hundred thousand (100,000) shall meet the thirty-six (36) hour deadline, with the remaining meals being delivered to designated site(s) within time periods noted on issue instructions.
- 5.5.6 Starting at official notification for issuance of meals, the Contractor shall provide tracking/status updates via e-mail to SOC@dps.texas.gov a minimum of every six (6) hours. If given prior approval by TXDPS/TDEM, Contractor may provide alternative tracking/status update mechanism(s).

5.6 Invoicing for Shipping/Transportation

Payment for shipping/transportation shall not be made by TXDPS/TDEM until receipt of reimbursement funding is received from federal or state funding sources and all other invoicing requirements are met. The awarded Contractor shall invoice TXDPS/TDEM for all shipping and transportation costs at the conclusion of the event for which the meals are shipped. The Contractor shall provide a Manifest and a Government Bill of Lading reflecting actual shipping and transportation costs. This Contractor shall be reimbursed for actual incurred shipping and transportation costs. TXDPS/TDEM shall provide to the Contractor an official notification of the event conclusion and an estimated date that TDEM expects to be reimbursed for the transportation costs.

5.7 Restocking

- 5.7.1 The Contractor shall rotate and restock any issued but unused stock that is still viable at no additional cost to TXDPS/TDEM.

- 5.7.2 Provided TXDPS/TDEM approves the specifics of the Contractor's restocking and associated costs in advance in writing, Contractor shall restock in accordance with the written instructions of TXDPS/TDEM and TXDPS/TDEM shall reimburse Contractor for approved shipping and transportation costs to return designated meals to the Contractor storage facility for restocking.

5.8 Stock Rotation and Replenishment

- 5.8.1 With prior approval of TDEM, Contractor may transfer an agreed amount of TDEM's stock to another entity.
- 5.8.2 Contractor shall rotate oldest stock first using the first in first out (FIFO) rule for dates of expiration.
- 5.8.3 Contractor shall replenish TDEM's transferred or rotated stock with stock of same type and quality. Replenished stock shall be new meals with a five (5) year shelf life.
- 5.8.4 Contractor shall replenish all transferred or rotated stock within six (6) weeks of rotation.

5.9 Inventory Reports

- 5.9.1 Upon order completion, this Contractor shall provide TXDPS/TDEM with an inventory report which includes number of meals, meal variety, and expiration dates of the meals. This inventory report shall signify the completion of the order and is therefore part of the documentation required for payment to the Contractor.
- 5.9.2 Contractor shall provide TXDPS/TDEM with an annual inventory report to be delivered to the TDEM named point of contact by March 31st of each year. This report shall include the number of remaining meals, meal variety, and expiration dates.
- 5.9.3 Contractor shall provide TXDPS/TDEM with an inventory report, to include number of remaining meals, meal variety, and expiration dates any time there is a change to TXDPS/TDEM's stock of meals (stock issue, rotation, and/or replenishment).
- 5.9.4 All inventory reports are to be delivered via e-mail to soc@dps.texas.gov

5.10 Meal Expiration Notice

Contractor shall provide TXDPS/TDEM with one hundred eighty (180) days' notice of the expiration of meal shelf-life.

5.11 Disposal of Expired Stock

If requested by TXDPS/TDEM, the Contractor shall dispose of any expired meals at no cost to TXDPS/TDEM.

5.12 Product Recalls

Contractor shall bear all costs associated with any recalls of Contractor's products.

5.13 On-Site Inspections

TXDPS/TDEM reserves the right to enter Contractor's storage facility for inspection of facility and TXDPS/TDEM stock.

6. PRICING

With the exception of shipping/transportation charges, the cost of the meals shall be inclusive of the requirements and services noted above.

7. CONTRACT TERM, CONTRACTOR'S RESPONSIBILITIES

Once awarded, the service period shall run from the date of award through five (5) years, with the option to renew for an additional five (5) year term.

If requested by TXDPS/TDEM, upon conclusion of this Contract, the Contractor shall dispose of any meals remaining in inventory at no cost to TXDPS/TDEM.

8. Audited Financial Statements

Each prospective Contractor submitting a Bid for this IFB shall include the following:

Full Dun and Bradstreet Business Information Report submitted by the Bidder, to include rating (shall be the current report within a year).

The Bidder shall submit a copy of its two (2) most recent audited financial statements, including financial statements with all sub-schedules and footnotes, to include balance sheet, profit and loss statement, income statement, statement of cash flows, and management letters, with findings and responses to findings. Failure to submit copies of the required audited financial statements may result in disqualification.

Immediately prior to execution of this Contract, and again no later than one hundred and twenty (120) calendar days prior to any renewal Option Period under this Contract, the successful Bidder shall provide the Department with the following:

- A. At least one rating from organizations such as Dun & Bradstreet and Fitch Ratings;
- B. The following information:
 - 1. Gross Revenues
 - 2. Net Income
 - 3. Current Ratio
 - 4. Contingent liabilities to the extent that they would materially affect gross revenues, materially affect net income, or reduce the current ratio below 1.0.

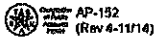
9. DISQUALIFICATION OF CONTRACTOR'S BID RESPONSE

This IFB cannot be negotiated. No exceptions may be taken to the Texas Department of Public Safety's Terms and Conditions.

ATTACHMENT B

**TEXAS APPLICATION FOR PAYEE
IDENTIFICATION NUMBER**

Attachment B



Application for Texas Identification Number

• See instructions on back

For Comptroller's use only

1. Is this a new account? <input type="checkbox"/> YES Mail Code 000 <input type="checkbox"/> NO Enter Mail Code _____ Agency number _____ Complete Sections 1 - 5 Complete Sections 1, 2 & 5	
Section 1	2. Texas Identification Number (TIN) - Indicate the type of number you are providing to be used for your TIN <input checked="" type="checkbox"/> 1 - Employer Identification Number (EIN) <input type="checkbox"/> 2 - Social Security number (SSN) Enter the number indicated <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="checkbox"/> 3 - Comptroller's assigned number (FOR STATE AGENCY USE ONLY) 3. Are you currently reporting any Texas tax to the Comptroller's office such as sales tax or franchise tax? <input type="checkbox"/> YES <input type="checkbox"/> NO If "YES," enter Texas Taxpayer Number _____
Section 2	Payee Information (Please type or print) 4. Name of payee (individual or business to be paid) Ameriquai Group LLC 5. Mailing address where you want to receive payments Fifth Third Bank 6. (Optional) PO Box 633031 7. (Optional) _____ 8. (Optional) _____ 9. City _____ State _____ ZIP Code _____ Cincinnati OH 45263- 10. Payee telephone number (Area code and number) (8 1 2) 8 6 7 - 1 4 4 4 SIC code _____ Security type code (0, 1, 2) _____ Zone code _____
Section 3	11. Ownership Codes - Check only one code by the appropriate ownership type that applies to you or your business. <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <input type="checkbox"/> I - Individual Recipient (not owning a business) <input type="checkbox"/> S - Sole Ownership (Individual owning a business): If checked, enter the owner's name and Social Security number (SSN) Owner's name _____ SSN <input type="text" value="2"/> _____ <input type="checkbox"/> P - Partnership: If checked, enter two partner's names and Social Security numbers (SSN). If a partner is a corporation, use the corporation's Employer Identification Number (EIN). Name _____ SSN/EIN <input type="text"/> _____ Name _____ SSN/EIN <input type="text"/> _____ </div> <div style="width: 48%;"> <input type="checkbox"/> L - Texas Limited Partnership: If checked, enter the Texas File Number _____ <input type="checkbox"/> T - Texas Corporation: If checked, enter the Texas File Number _____ <input type="checkbox"/> A - Professional Association: If checked, enter the Texas File Number _____ <input type="checkbox"/> C - Professional Corporation: If checked, enter the Texas File Number _____ <input type="checkbox"/> O - Out-of-State Corporation <input type="checkbox"/> G - Governmental Entity <input type="checkbox"/> U - State agency / University <input type="checkbox"/> F - Financial Institution <input type="checkbox"/> R - Foreign (out of U.S.A.) <input checked="" type="checkbox"/> N - Other: If checked, explain. LLC - Indiana filing as a Partnership </div> </div>
Section 4	12. Payment Assignment? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Note: A copy of the assignment agreement between payees must be attached. Assignee name _____ Assignee TIN _____ Assignment date _____
Section 5	13. Comments _____ 14. Authorized signature (Applicant or authorized agent) _____ Date _____ Agency name _____ Prepared by _____ Phone (Area code and number) _____ 15. _____

Attachment B

S U S A N

C O M B S

Application for Texas Identification NumberTEXAS COMPTROLLER *of* PUBLIC ACCOUNTSFiscal Management
Austin, TX 78774-0100**Who Must Submit This Application -**

This application must be submitted by every person (sole owner, individual recipient, partnership, corporation or other organization) who intends to bill agencies of the state government for goods, services provided, refunds, public assistance, etc. The Texas Identification Number (TIN) will be required on all maintenance submitted by state agencies. The use of this number on all billings will reduce the time required to process billings to the State of Texas.

Note: To expedite processing of this application, please return the completed application to the state agency with which you are conducting business. It is not necessary for the payee to sign or complete this form. The state agency representative may complete the form for the payee.

For Assistance -

For assistance in completing this application, please call the Texas Comptroller's office at (800) 531-5441, ext. 6-8138. The Austin number is (512) 636-8138.

Notice to State Agencies -

When this form is used to set up additional mail codes, Sections 1, 2 and 5 must be completed. State agencies may refer to the Texas Identification Number System (TINS) Guide at <https://fmxcpa.state.tx.us/fmxcpa/pubs/tins/tinsguide> for additional information.

General Instructions -

- Do not use dashes when entering Social Security, Employer Identification or Comptroller's assigned numbers.
- Disclosure of your Social Security number is required. This disclosure requirement has been adopted under the Federal Privacy Act of 1974 (5 U.S.C.A. sec. 552a(note)(West 1977), the Tax Reform Act of 1976 (42 U.S.C.A. sec. 405(c)(2)(C) (West 1992), TEX. GOVT. CODE ANN. sec. 403.055 (Vernon 2005) and TEX. GOVT. CODE ANN. sec. 403.056 (Vernon 2005). Your Social Security number will be used to help the Texas Comptroller of Public Accounts administer the state's tax laws and for other purposes. See Op. Tax. Att'y Gen. No. H-1255 (1978).

Specific Instructions -**Section 1 - Texas Identification Number**

EIN: For all ownership codes other than Individual Recipient listed in Section 3, enter a 9-digit Employer Identification Number (EIN) issued by the Internal Revenue Service.

SSN: For Individual Recipient or Sole Owner without an EIN, enter your 9-digit Social Security number (SSN) issued by the Social Security Administration.

Comptroller Assigned Number: FOR STATE AGENCY USE ONLY. A Comptroller Assigned Number is an ID number that is given to a state agency that needs to pay either a foreign entity or a foreign individual who does not have an EIN or SSN.

Are you currently reporting any Texas tax to the Comptroller's office such as sales tax or franchise tax? If "YES," enter Texas Taxpayer Number.

Section 2 - Payee Information

Items 4 through 8 - Enter the complete name and mailing address where you want payments to be received. Names of individuals must be entered first name first. Each line cannot exceed 50 characters including spaces. If the name is more than 50 characters, continue the name in Item 5 and begin the address in Item 6.

Item 9 - Enter the city, state and ZIP Code.

Item 10 - Enter payee telephone number.

SIC code, Security type code and Zone code: FOR STATE AGENCY USE ONLY.

Section 3 - Ownership Codes

Item 11 - Check the box next to the appropriate ownership code and enter additional information as requested. Please check only one box in this section. The Secretary of State's office may be contacted at (512) 463-5555 for information regarding Texas file numbers.

Section 4 - Payment Assignment

Item 12 - Use when one payee is assigning payment to another payee. When setting up an assignment payment, fill out this section completely and include a copy of the assignment agreement between the assignee and the assignor.

Section 5 - Comments and Identification

Item 13 - Enter any additional information that may be helpful in processing this application. Items 14 and 15 are for identification purposes. Always complete the identification section, including comments and authorized signature.

Under Ch. 559, Government Code, you are entitled to review, request and correct information we have on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact us at the address or phone numbers listed on this form.

ATTACHMENT C

REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION

Give Form to the requester. Do not send to the IRS.

Print or type See Specific instructions on page 2.	Name (as shown on your income tax return) Ameriquel Group LLC	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input checked="" type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ P	Exemptions (see instructions): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____
	<input type="checkbox"/> Other (see instructions) ▶	
	Address (number, street, and apt. or suite no.) 18200 HWY 41 N City, state, and ZIP code Evansville, IN 47725	Requester's name and address (optional)
List account number(s) here (optional)		

Social security number									
				-			-		

Employer identification number									
3	5	-	2	1	1	0	1	3	8

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Date: 9/19/14

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity,
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust, and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester.
2. You do not certify your TIN when required (see the Part II Instructions on page 3 for details).
3. The IRS tells the requester that you furnished an incorrect TIN.
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* on page 1.

What is FATCA reporting? The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulation section 301.7701-2(c)(2)(iii). Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Note. Check the appropriate box for the U.S. federal tax classification of the person whose name is entered on the "Name" line (individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the U.S. federal tax classification in the space provided. If you are an LLC that is treated as a partnership for U.S. federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation, as appropriate. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for U.S. federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

Other entities. Enter your business name as shown on required U.S. federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the *Exemptions* box, any code(s) that may apply to you. See *Exempt payee code* and *Exemption from FATCA reporting code* on page 3.

Exempt payee code. Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following codes identify payees that are exempt from backup withholding:

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for ...	THEN the payment is exempt for ...
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its Instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements.

- A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
- B—The United States or any of its agencies or instrumentalities
- C—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i)
- E—A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i)
- F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-828-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. **Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.

2. **Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. **Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

4. **Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. **Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ³
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ⁴
5. Sole proprietorship or disregarded entity owned by an individual	The owner ⁴
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor ⁴
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(ii)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN.
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, *Identity Theft Prevention and Victim Assistance*.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-368-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

ATTACHMENT D

DIRECT DEPOSIT AUTHORIZATION

For Comptroller's Use Only

Direct Deposit Authorization

This form may be used by vendors, individual recipients or state employees to receive payments from the state of Texas by direct deposit or to change/cancel existing direct deposit information.

Transaction Type

SECTION 1	<input checked="" type="checkbox"/> New setup (Sections 2, 3, 5 and 6)	<input type="checkbox"/> Change account type (Sections 2, 3, 4, 5 and 6)
	<input type="checkbox"/> Change financial institution (Sections 2, 3, 4, 5 and 6)	<input type="checkbox"/> Cancellation (Sections 2 and 6 - Sections 7 and 8 for state agency use)
	<input type="checkbox"/> Change account number (Sections 2, 3, 4, 5 and 6)	

Payee Identification

SECTION 2	Payee type <input type="checkbox"/> State employee <input checked="" type="checkbox"/> Vendor or other recipient	<input type="checkbox"/> Texas Identification Number (TIN) <input type="checkbox"/> Employer Identification Number (EIN) <input type="checkbox"/> Social Security Number (SSN)*	<input type="checkbox"/> Individual Taxpayer Identification Number (ITIN) 3 5 - 2 1 1 0 1 3 8	Mail code (if not known, leave blank.)	
	Payee name Ameriquel Group LLC dba Ameriquel Packaging		Phone number 812-867-1444 ext. 245		
	Mailing address 18200 HWY 41 N		City Evansville	State IN	ZIP code 47725

New Account Information (Setups and Changes) (Completion by financial institution is recommended.)

SECTION 3	Financial institution name Fifth Third Bank		City Evansville	State IN
	Routing transit number (9 digits) 0 8 6 3 - 0 0 4 - 1	Customer account number (maximum 17 characters) 9 9 9 6 9 0 1 7 3 3		Type of account <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings
	Financial representative name (optional) Jason Fisher		Title (optional) Vice President - Commercial	
	Financial representative signature (optional)		Phone number (optional) 812-456-3153 ext.	Date (optional)


Existing Account Information (Changes Only)

SEC 4	Routing transit number (9 digits)	Customer account number (maximum 17 characters)	Type of account <input type="checkbox"/> Checking <input type="checkbox"/> Savings
--------------	-----------------------------------	---	---

International Payments Verification (required)

SEC 5	Will these payments be forwarded to a financial institution outside the United States?..... If "YES," also complete the ACH (Direct Deposit) Payment Destination Confirmation (Form 74-227).	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
--------------	---	---

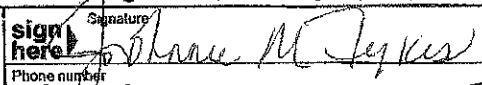
Authorization for Setup, Changes or Cancellation (required)

SECTION 6	I authorize the Texas Comptroller of Public Accounts to deposit my payments from the state of Texas to my financial institution electronically. I understand that the Texas Comptroller of Public Accounts will reverse any payments made to my account in error. I further understand that the Texas Comptroller of Public Accounts will comply at all times with the National Automated Clearing House Association's rules. (For further information on these rules, please contact your financial institution.)		
	Authorized signature 	Printed name	Date
	sign here		

Cancellation by Agency (for state agency use)

SEC 7	Reason	Date
--------------	--------	------

Authorized Signature (for state agency use)

SECTION 8	Signature 	Date 9/19/14
	Phone number 812-867-1444 ext. 245	Agency number
	Agency name	
	Comments	

Please return your completed form to:

Instructions for Direct Deposit Authorization

You have certain rights under Chapters 552 and 559, Government Code, to review, request and correct information we have on file about you. To request information for review or to request error correction, use the contact information on this form.

Section 1: Transaction Type

Select the appropriate transaction type(s).

Section 2: Payee Identification

Select payee type, provide the Texas Identification Number (TIN), Employer Identification Number (EIN) Social Security Number (SSN)* or Individual Taxpayer Identification Number (ITIN) and enter payee contact information.

***Federal Privacy Act Statement**

Disclosure of your Social Security number is required and authorized under law, for the purpose of tax administration and identification of any individual affected by applicable law, 42 U.S.C. sec. 405(c)(2)(C)(i); Texas Govt. Code Sections 403.011, 403.056, and 403.078. Release of information on this form in response to a public information request will be governed by the Public Information Act, Chapter 552, Government Code, and applicable federal law.

Section 3: New Account Information (Needed for setups and changes)

Completion by financial institution is recommended.

Important: Your direct deposit account information may be different from the account information printed on your checks. It is recommended that you contact your financial institution to confirm your direct deposit account information.

Prenote Test:

A prenote test will be sent to your financial institution for the account information provided. The prenote test is for a period of six banking days, and it is sent to your financial institution to verify your account information. If no further action is required by your financial institution, your direct deposit instructions will become effective when the six banking day prenote time frame has expired.

Section 4: Existing Account Information (Needed for changes to existing account information)

When requesting a change to your existing direct deposit account information, you must complete Section 4 with the existing account information for verification purposes. This measure will help the paying state agency verify accuracy of the requested change.

Any change to banking information begins a prenote test period. See explanation in Section 3, above.

Section 5: International Payments Verification

Check "YES" or "NO" to indicate if direct deposit payments to the account information designated in Section 3 of this form will be forwarded to a financial institution outside the United States. If "YES," also complete the ACH (Direct Deposit) Payment Destination Confirmation (Form 74-227).

Section 6: Authorization for Setup, Changes or Cancellation

Must be completed in its entirety, and no alterations to the authorization language will be accepted.

For State Agency Use

Section 7: Cancellation by Agency

Provide reason for cancellation request.

Section 8: Authorized Signature

For state agency use only.

ATTACHMENT E

DRAWINGS

INTENTIONALLY LEFT BLANK

ATTACHMENT F

WAGE RATES

INTENTIONALLY LEFT BLANK

ATTACHMENT G

VERIFICATION OF EXPERIENCE FORM

VERIFICATION OF EXPERIENCE FORM

BIDDER NAME: AMERIQUAL GROUP, LLC

SOLICITATION NUMBER:

405-EMD-15-B50116

COMPANY NAME	ADDRESS	CITY	STATE	ZIP	CONTACT PERSON	PROJECT DATES	
						START	COMPLETION
1 American Red Cross - National Headquarters	600-A Forest Point Circle	Charlotte	NC	28273	Sadia N. Lorentz, 704-943-6803 Lorentz5@usa.redcross.org	2006	Present
2 State of Mississippi Emergency Management	P.O. Box 5644 Pearl, MS 39288	Pearl	MS	39288	Don Wilson - (601) 933-6705 dwilson@mems.ms.gov	2010	Present
3							

PLEASE LIST THE PROJECT NAME, LOCATION AND DESCRIPTION THAT WOULD CONFORM TO THE QUALIFICATION OF EXPERIENCE FOR:

VENDOR MUST HAVE (10) YEARS EXPERIENCE PROVIDING VENDOR MANAGED INVENTORY (VMI) SERVICES FOR THE PROVISION OF EMERGENCY MEAL

COMPANY NAME	ADDRESS	CITY	STATE	ZIP	CONTACT PERSON	PROJECT DATES	
						START	COMPLETION
1 Defense Logistics Agency, Troop Support	700 Robbins Avenue	Philadelphia	PA	19111	James Lecollier, 215-737-3625 James.Lecollier@dla.mil	2005	Present
2 State of Louisiana	7667 Independence Boulevard	Baton Rouge	LA	70806	Mike Verrett, 225-588-7711 Michael.Verrett@LA.GOV	2008	Present
3 FEMA	500 C Street, S.W. PP 5th Floor	Washington	DC	20472	Carolyn Knight, 202-646-3977 carolyn.knight@dhs.gov	2012	Present

PLEASE LIST THE PROJECT NAME, LOCATION AND DESCRIPTION THAT WOULD CONFORM TO THE QUALIFICATION OF EXPERIENCE FOR:

VENDOR MUST HAVE PROVIDED EMERGENCY MEALS TO A MINIMUM OF FIVE (5) STATE AND/OR FEDERAL DISASTERS.

COMPANY NAME	ADDRESS	CITY	STATE	ZIP	CONTACT PERSON	PROJECT DATES	
						START	COMPLETION
1 State of Louisiana	7667 Independence Boulevard	Baton Rouge	LA	70806	Mike Verrett, 225-588-7711 Michael.Verrett@LA.GOV	2008	Present
2 FEMA	500 C Street, S.W. PP 5th Floor	Washington	DC	20472	Carolyn Knight, 202-646-3977 carolyn.knight@dhs.gov	2012	Present
PLEASE LIST THE PROJECT NAME, LOCATION AND DESCRIPTION THAT WOULD CONFORM TO THE QUALIFICATION OF EXPERIENCE FOR:							
VENDOR MUST HAVE PROVIDED A MINIMUM OF FIVE HUNDRED THOUSAND (500,000) MEALS FOR A SINGLE EVENT TO FEDERAL, STATE OR LOCAL ENTITIES UNDER A VMI PROGRAM							

ATTACHMENT H

HUB SUBCONTRACTING PLAN

HISTORICALLY UNDERUTILIZED BUSINESSES (HUB) PARTICIPATION

In accordance with Texas Government Code §2161.252, a proposal that does not contain a HUB Subcontracting Plan (HSP) is non-responsive and will be rejected without further evaluation. In addition, if the Department determines that the HSP was not developed in good faith, it will reject the proposal for failing to comply with material IFB specifications.

1 Introduction

The Department is committed to promoting full and equal business opportunities for businesses in state contracting in accordance with the goals specified in the State of Texas Disparity Study. The Department encourages the use of Historically Underutilized Businesses (HUBs) through race, ethnic and gender-neutral means.

Pursuant to Texas Government Code §2161.181 and §2161.182, and the Department's HUB policy and rules, the Department is required to make a good faith effort to increase HUB participation in its contracts. The Department may accomplish the goal of increased HUB participation by contracting directly with HUBs or indirectly through subcontracting opportunities.

2 Department's Administrative Rules

The Department has adopted the CPA's HUB rules as its own. The Department's HUB rules are located in Title 37, Part 1, Chapter 1, Subchapter U, Rule §1.261 of the Texas Administrative Code, and the CPA rules are located in Title 34, Part 1, Chapter 20, Subchapter B. If there are any discrepancies between the Department's administrative rules and this IFB, the rules shall take priority.

3 HUB Participation Goal

The CPA has established statewide HUB participation goals for different categories of contracts in 34 T.A.C. §20.13. In order to meet or exceed the HUB participation goals, the Department encourages outreach to certified HUBs. Contractors shall make a good faith effort to include certified HUBs in the procurement process.

This contract is classified as, All Other Services contract under the CPA rule, and therefore has a HUB Annual Procurement Utilization Goal of 24.6% per fiscal year.

4 Required HUB Subcontracting Plan

In accordance with Government Code, Chapter 2161, Subchapter F, each state agency that considers entering into a contract with an expected value of \$100,000 or more over the life of the contract (including any renewals) shall, before the agency solicits bids, proposals, offers, or other applicable expressions of interest, determine whether subcontracting opportunities are probable under the contract.

In accordance with 34 T.A.C. §20.14(a),(1),(C) of the HUB Rules. State agencies may determine that subcontracting is probable for only a subset of the work expected to be performed or the funds to be expended under the contract. If an agency determines that

subcontracting is probable on only a portion of a contract, it shall document its reasons in writing for the procurement file.

The Department has determined that subcontracting opportunities are probable for this IFB. As a result, the respondent must submit an HSP with its proposal. The HSP is required whether a respondent intends to subcontract or not.

In the HSP, a respondent must indicate whether it is a Texas certified HUB. Being a certified HUB does not exempt a respondent from completing the HSP requirement.

The Department shall review the documentation submitted by the respondent to determine if a good faith effort has been made, in accordance with solicitation and HSP requirements. During the good faith effort evaluation, The Department may, at its discretion, allow clarifications or enhancements to information submitted with the HSP.

If the Department determines that the respondent's HSP was not developed in good faith, the HSP will be considered non-responsive and will be rejected as a material failure to comply with the advertised specifications. The reasons for rejection shall be recorded in the procurement file.

5 CPA Centralized Master Bidder's List

Respondents may search for HUB subcontractors in the CPA's Centralized Master Bidders List (CMBL) HUB Directory, which is located on the CPA's website at <http://www2.cpa.state.tx.us/cmb/cmbhub.html>. For this procurement, the Department has identified the following class and item codes for potential subcontracting opportunities:

NIGP Class/Item Code: 905-16

Respondents are not required to use, nor limited to using, the class and item codes identified above, and may identify other areas for subcontracting.

The Department does not endorse, recommend nor attest to the capabilities of any company or individual listed on the CPA's CMBL. The list of certified HUBs is subject to change, so respondents are encouraged to refer to the CMBL often to find the most current listing of HUBs.

6 HUB Subcontracting Procedures – If a Respondent Intends to Subcontract

An HSP must demonstrate that the respondent made a good faith effort to comply with the Department's HUB policies and procedures. The following subparts outline the items that the Department will review in determining whether an HSP meets the good faith effort standard. A respondent that intends to subcontract must complete the HSP to document its good faith efforts.

6.1 Identify Subcontracting Areas and Divide Them into Reasonable Lots

A respondent should first identify each area of the contract work it intends to subcontract. Then, to maximize HUB participation, it should divide the contract

work into reasonable lots or portions, to the extent consistent with prudent industry practices.

6.2 Notify Potential HUB Subcontractors

The HSP must demonstrate that the respondent made a good faith effort to subcontract with HUBs. The respondent's good faith efforts shall be shown through utilization of all methods in conformance with the development and submission of the HSP and by complying with the following steps:

6.2.1 Divide the contract work into reasonable lots or portions to the extent consistent with prudent industry practices. The respondent must determine which portions of work, including goods and services, will be subcontracted.

6.2.2 Use the appropriate method(s) to demonstrate good faith effort. The respondent can use either method(s) 1, 2, 3, or 4:

6.3 Method 1: Respondent Intends to Subcontract with only HUBs:

The respondent must identify in the HSP the HUBs that will be utilized and submit written documentation that confirms 100% of all available subcontracting opportunities will be performed by one or more HUBs; or,

6.4 Method 2: Respondent Intends to Subcontract with HUB Protégé(s):

The respondent must identify in the HSP the HUB protégé(s) that will be utilized and should:

- Include a fully executed copy of the Mentor Protégé Agreement, which must be registered with the CPA prior to submission to the Department, and
- Identify areas of the HSP that will be performed by the protégé.

The Department will accept a Mentor Protégé Agreement that has been entered into by a respondent (mentor) and a certified HUB (protégé) in accordance with Texas Government Code §2161.065. When a respondent proposes to subcontract with a protégé(s), it does not need to provide notice to three (3) HUB vendors for that subcontracted area.

Participation in the Mentor Protégé Program, along with the submission of a protégé as a subcontractor in an HSP, constitutes a good faith effort for the particular area subcontracted to the protégé; or,

6.5 Method 3: Respondent Intends to Subcontract with HUBs and Non-HUBs (Meet or Exceed the Goal):

The respondent must identify in the HSP and submit written documentation that one or more HUB subcontractors will be utilized; and that the aggregate expected percentage of subcontracts with HUBs will meet or exceed the goal specified in this solicitation. When utilizing this method, only HUB subcontractors that has existing contracts with the respondent for five years or less may be used to comply with the good faith effort requirements.

When the aggregate expected percentage of subcontracts with HUBs meets or exceeds the goal specified in this solicitation, respondents may also use non-HUB subcontractors; or,

6.6 Method 4: Respondent Intends to Subcontract with HUBs and Non-HUBs (Does Not Meet or Exceed the Goal):

The respondent must identify in the HSP and submit documentation regarding both of the following requirements:

- Written notification to minority or women trade organizations or development centers to assist in identifying potential HUBs of the subcontracting opportunities the respondent intends to subcontract.

Respondents must give minority or women trade organizations or development centers at least seven (7) working days prior to submission of the respondent's response for dissemination of the subcontracting opportunities to their members. A list of minority and women trade organizations is located on the CPA's website under the Minority and Women Organization link.

- Written notification to at least three (3) HUB businesses of the subcontracting opportunities that the respondent intends to subcontract. The written notice must be sent to potential HUB subcontractors prior to submitting proposals and must include:
 - a description of the scope of work to be subcontracted,
 - information regarding the location to review project plans or Specifications,
 - information about bonding and insurance requirements,
 - required qualifications and other contract requirements, and
 - A description of how the subcontractor can contact the respondent.

Respondents must give potential HUB subcontractors a reasonable amount of time to respond to the notice, at least seven (7) working days prior to submission of the respondent's response unless circumstances require a different time period, which is determined by the agency and documented in the contract file;

Respondents must also use the CMBL, the HUB Directory, and Internet resources when searching for HUB subcontractors. Respondents may rely on the services of contractor groups; local, state and federal business assistance offices; and other organizations that provide assistance in identifying qualified applicants for the HUB program.

6.7 Written Justification of the Selection Process

The Department will make a determination if a good faith effort was made by the respondent in the development of the required HSP. One or more of the methods identified in the previous sections may be applicable to the respondent's good faith efforts in developing and submission of the HSP. The Department may require the respondent to submit additional documentation explaining how the respondent made a good faith effort in accordance with the solicitation.

A respondent must provide written justification of its selection process if it chooses a non-HUB subcontractor. The justification should demonstrate that the respondent negotiated in good faith with qualified HUB bidders, and did not reject qualified HUBs who were the best value responsive bidders.

7 Method 5: Respondent Does Not Intend to Subcontract

When the respondent plans to complete all contract requirements with its own equipment, supplies, materials and/or employees, it is still required to complete an HSP.

The respondent must complete the "Self Performance Justification" portion of the HSP, and attest that it does not intend to subcontract for any goods or services, including the class and item codes identified in Section 5. In addition, the respondent must identify the sections of the proposal that describe how it will complete the Scope of Work using its own resources or provide a statement explaining how it will complete the Scope of Work using its own resources. The respondent must agree to comply with the following if requested by the Department:

- provide evidence of sufficient respondent staffing to meet the IFB requirements,
- provide monthly payroll records showing the respondent staff fully dedicated to the contract,
- allow the Department to conduct an onsite review of company headquarters or work site where services are to be performed, and,
- Provide documentation proving employment of qualified personnel holding the necessary licenses and certificates required to perform the Scope of Work.

8 Post-award HSP Requirements

The HSP shall be reviewed and evaluated prior to contract award and, if accepted, the finalized HSP will become part of the contract with the successful respondent(s).

After contract award, the Department will coordinate a post-award meeting with the successful respondent to discuss HSP reporting requirements. The contractor must maintain business records documenting compliance with the HSP, and must submit

monthly subcontract reports to the Department by completing the HUB "Prime Contractor Progress Assessment Report." This monthly report is required as a condition for payment to report to the agency the identity and the amount paid to all subcontractors.

As a condition of award the Contractor is required to send notification to all selected subcontractors as identified in the accepted/approved HSP. In addition, a copy of the notification must be provided to the agency's Contract Manager and/or HUB Program Office within 10 days of the contract award.

During the term of the contract, if the parties in the contract amend the contract to include a change to the scope of work or add additional funding, the Department will evaluate to determine the probability of additional subcontracting opportunities. When applicable, the Contractor must submit an HSP change request for the Department's review. The requirements for an HSP change request will be covered in the post-award meeting.

When making a change to an HSP, the Contractor will obtain prior written approval from the Department before making any changes to the HSP. Proposed changes must comply with the HUB Program good faith effort requirements relating to the development and submission of a HSP.

If the contractor decides to subcontract any part of the contract after the award, it must follow the good faith effort procedures outlined in Section 6 of this IFB (e.g., divide work into reasonable lots, notify at least three (3) vendors per subcontracted area, provide written justification of the selection process, or participate in the Mentor Protégé Program).

For this reason, the Department encourages respondents to identify, as part of their HSP, multiple subcontractors who are able to perform the work in each area the respondent plans to subcontract. Selecting additional subcontractors may help the selected contractor make changes to its original HSP, when needed, and will allow the Department to approve any necessary changes expeditiously.

Failure to meet the HSP and post-award requirements will constitute a breach of contract, and will be subject to remedial actions. The Department may also report noncompliance to the CPA in accordance with the provisions of the Vendor Performance and Debarment Program (see 34 T.A.C. §20.108 relating to Debarment) and (see 34 T.A.C. §20.105 relating to Procedures for Investigations and Debarment).



HUB Subcontracting Plan (HSP) Quick Checklist

Method 1 – If all (100%) of your subcontracting opportunities will be performed using only HUB vendors, complete:

- ☐ Section 1 - Respondent and Requisition Information
- ☐ Section 2 a. – Yes, I will be subcontracting portions of the contract
- ☐ Section 2 b. – List all the portions of work you will subcontract, and indicate the percentage of the contract you expect to award to Texas certified HUB vendors
- ☐ Section 2 c. – Yes
- ☐ Section 4 – Affirmation
- ☐ HSP GFE Method A (Attachment A) – Complete this attachment for each subcontracting opportunity

Method 2 – If any of your subcontracting opportunities will be performed using HUB protégés, complete:

- ☐ Section 1 - Respondent and Requisition Information
- ☐ Section 2 a. – Yes, I will be subcontracting portions of the contract
- ☐ Section 2 b. – List all the portions of work you will subcontract, and indicate the percentage of the contract you expect to award to HUB protégés (Skip Section 2 c and 2 d)
- ☐ Section 4 – Affirmation
- ☐ HSP GFE Method B (Attachment B) – Complete Section B-1, Section B-2, and B-4 only for each HUB Protégé subcontracting opportunity as applicable.

Method 3 – If you are subcontracting with HUB vendors and Non-HUB vendors, and the aggregate percentage of the contract you will subcontract with a Texas certified HUBs, with which you have a continuous contract* in place with for five (5) years or less, meets or exceeds the HUB goal, complete:

- ☐ Section 1 - Respondent and Requisition Information
- ☐ Section 2 a. – Yes, I will be subcontracting portions of the contract
- ☐ Section 2 b. – List all the portions of work you will subcontract, and indicate the percentage of the contract you expect to award to HUB vendors and Non HUB vendors
- ☐ Section 2 c. – No
- ☐ Section 2 d. – Yes
- ☐ Section 4 – Affirmation
- ☐ HSP GFE Method A (Attachment A) – Complete this attachment for each subcontracting opportunity

Method 4 – If you are subcontracting with HUB vendors and/or Non-HUB vendors, and the aggregate percentage of the contract you will subcontract with a Texas certified HUBs, with which you have a continuous contract* in place with for five (5) years or less, does not meet or exceed the HUB Goal, complete:

- ☐ Section 1 - Respondent and Requisition Information
- ☐ Section 2 a. – Yes, I will be subcontracting portions of the contract
- ☐ Section 2 b. – List all the portions of work you will subcontract, and indicated the percentage of the contract you expect to award to HUB vendors and Non HUB vendors
- ☐ Section 2 c. – No

H

- ☐ Section 2 d. – No
- ☐ Section 4 – Affirmation
- ☐ HSP GFE Method B (Attachment B) – Complete this attachment for each subcontracting opportunity

Method 5 – If you are not subcontracting any portion of the contract and will be fulfilling the entire contract with your own resources (i.e., equipment, supplies, materials, and/or employees), complete:

- ☐ Section 1 – Respondent and Requisition Information
- ☐ Section 2 a. – No, I will not be subcontracting any portion of the contract, and I will be fulfilling the entire contract with my own resources
- ☐ Section 3 – Self Performing Justification
- ☐ Section 4 – Affirmation

**Continuous Contract: Any existing written agreement (including any renewals that are exercised) between a prime contractor and a HUB vendor, where the HUB vendor provides the prime contractor with goods or service under the same contract for a specified period of time. The frequency the HUB vendor is utilized or paid during the term of the contract is not relevant to whether the contract is considered continuous. Two or more contracts that run concurrently or overlap one another for different periods of time are considered by CPA to be individual contracts rather than renewals or extensions to the original contract. In such situations the prime contractor and HUB vendor are entering (have entered) into "new" contracts.*



HUB SUBCONTRACTING PLAN (HSP)

In accordance with Texas Gov't Code §2161.252, the contracting agency has determined that subcontracting opportunities are probable under this contract. Therefore, all respondents, including State of Texas certified Historically Underutilized Businesses (HUBs) must complete and submit this State of Texas HUB Subcontracting Plan (HSP) with their response to the bid requisition (solicitation).

NOTE: Responses that do not include a completed HSP shall be rejected pursuant to Texas Gov't Code §2161.252(b).

The HUB Program promotes equal business opportunities for economically disadvantaged persons to contract with the State of Texas in accordance with the goals specified in the 2009 State of Texas Disparity Study. The statewide HUB goals defined in 34 Texas Administrative Code (TAC) §20.13 are:

- 11.2 percent for heavy construction other than building contracts,
- 21.1 percent for all building construction, including general contractors and operative builders contracts,
- 32.7 percent for all special trade construction contracts,
- 23.6 percent for professional services contracts,
- 24.6 percent for all other services contracts, and
- 21 percent for commodities contracts.

-- Agency Special Instructions/Additional Requirements --

In accordance with 34 TAC §20.14(d)(1)(D)(iii), a respondent (prime contractor) may demonstrate good faith effort to utilize Texas certified HUBs for its subcontracting opportunities if the total value of the respondent's subcontracts with Texas certified HUBs meets or exceeds the statewide HUB goal or the agency specific HUB goal, whichever is higher. When a respondent uses this method to demonstrate good faith effort, the respondent must identify the HUBs with which it will subcontract. If using existing contracts with Texas certified HUBs to satisfy this requirement, only contracts that have been in place for five years or less shall qualify for meeting the HUB goal. This limitation is designed to encourage vendor rotation as recommended by the 2009 Texas Disparity Study.

SECTION 1 RESPONDENT AND REQUISITION INFORMATION

- a. Respondent (Company) Name: Ameriquial Group, LLC State of Texas VID #: 1352110138900 47335
 Point of Contact: Rashid Hallaway Phone #: 202-380-5118
 E-mail Address: rhallaway@ameriquial.com Fax #: _____
- b. Is your company a State of Texas certified HUB? ☐ - Yes ☒ - No
- c. Requisition #: 405-EMD-15-B50116 Bid Open Date: 9 / 22 / 14
 (mm/dd/yyyy)

Enter your company's name here: Ameriquel Group, LLC

Requisition #: 405-EMD-15-B50116

SECTION 2 SUBCONTRACTING INTENTIONS

After dividing the contract work into reasonable lots or portions to the extent consistent with prudent industry practices, and taking into consideration the scope of work to be performed under the proposed contract, including all potential subcontracting opportunities, the respondent must determine what portions of work, including goods and services, will be subcontracted. Note: In accordance with 34 TAC §20.11, an "Subcontractor" means a person who contracts with a prime contractor to work, to supply commodities, or to contribute toward completing work for a governmental entity.

- a. Check the appropriate box (Yes or No) that identifies your subcontracting intentions:

☐ - Yes, I will be subcontracting portions of the contract. (If Yes, complete Item b, of this SECTION and continue to Item c of this SECTION.)

☒ - No, I will not be subcontracting any portion of the contract, and I will be fulfilling the entire contract with my own resources. (If No, continue to SECTION 3.)

- b. List all the portions of work (subcontracting opportunities) you will subcontract. Also, based on the total value of the contract, identify the percentages of the contract you expect to award to Texas certified HUBs, and the percentage of the contract you expect to award to vendors that are not a Texas certified HUB (i.e., Non-HUB).

Item #	Subcontracting Opportunity Description	HUBs		Non-HUBs
		Percentage of the contract expected to be subcontracted to HUBs with which you have a continuous contract* in place for five (5) years or less.	Percentage of the contract expected to be subcontracted to HUBs with which you have a continuous contract* in place for more than five (5) years.	Percentage of the contract expected to be subcontracted to non-HUBs.
1		%	%	%
2		%	%	%
3		%	%	%
4		%	%	%
5		%	%	%
6		%	%	%
7		%	%	%
8		%	%	%
9		%	%	%
10		%	%	%
11		%	%	%
12		%	%	%
13		%	%	%
14		%	%	%
15		%	%	%
Aggregate percentages of the contract expected to be subcontracted:		%	%	%

(Note: If you have more than fifteen subcontracting opportunities, a continuation sheet is available online at <http://window.state.tx.us/procurement/prog/hub/hub-subcontracting-plan/>)

- c. Check the appropriate box (Yes or No) that indicates whether you will be using only Texas certified HUBs to perform all of the subcontracting opportunities you listed in SECTION 2, Item b.

☐ - Yes (If Yes, continue to SECTION 4 and complete an "HSP Good Faith Effort - Method A (Attachment A)" for each of the subcontracting opportunities you listed.)

☐ - No (If No, continue to Item d, of this SECTION.)

- d. Check the appropriate box (Yes or No) that indicates whether the aggregate expected percentage of the contract you will subcontract with Texas certified HUBs with which you have a continuous contract* in place with for five (5) years or less meets or exceeds the HUB goal the contracting agency identified on page 1 in the "Agency Special Instructions/Additional Requirements".

☐ - Yes (If Yes, continue to SECTION 4 and complete an "HSP Good Faith Effort - Method A (Attachment A)" for each of the subcontracting opportunities you listed.)

☐ - No (If No, continue to SECTION 4 and complete an "HSP Good Faith Effort - Method B (Attachment B)" for each of the subcontracting opportunities you listed.)

***Continuous Contract:** Any existing written agreement (including any renewals that are exercised) between a prime contractor and a HUB vendor, where the HUB vendor provides the prime contractor with goods or service under the same contract for a specified period of time. The frequency the HUB vendor is utilized or paid during the term of the contract is not relevant to whether the contract is considered continuous. Two or more contracts that run concurrently or overlap one another for different periods of time are considered by CPA to be individual contracts rather than renewals or extensions to the original contract. In such situations the prime contractor and HUB vendor are entering (have entered) into "new" contracts.

Requisition #: 405-EMD-15-B50116

SECTION 2

- a. This page can be used as a continuation sheet to the HSP Form's page 2, SECTION 2, Item b. Continue listing the portions of work (subcontracting opportunities) you will subcontract. Also, based on the total value of the contract, identify the percentages of the contract you expect to award to Texas certified HUBs, and the percentage of the contract you expect to award to vendors that are not a Texas certified HUB (i.e., Non-HUB).

[illegible]

***Continuous Contract:** Any existing written agreement (including any renewals that are exercised) between a prime contractor and a HUB vendor, where the HUB vendor provides the prime contractor with goods or service under the same contract for a specified period of time. The frequency the HUB vendor is utilized or paid during the term of the contract is not relevant to whether the contract is considered continuous. Two or more contracts that run concurrently or overlap one another for different periods of time are considered by CPA to be individual contracts rather than renewals or extensions to the original contract. In such situations the prime contractor and HUB vendor are entering (have entered) into "new" contracts.

SECTION 3 SELF PERFORMING JUSTIFICATION (If you responded "No" to SECTION 2, Item a, you must complete this SECTION and continue to SECTION 4.)

Check the appropriate box (Yes or No) that indicates whether your response/proposal contains an explanation demonstrating how your company will fulfill the entire contract with its own resources.

- ☐ - Yes (If Yes, in the space provided below list the specific page(s)/section(s) of your proposal which explains how your company will perform the entire contract with its own equipment, supplies, materials and/or employees.)
- ☒ - No (If No, in the space provided below explain how your company will perform the entire contract with its own equipment, supplies, materials and/or employees.)

AmeriQual Group, LLC specializes in the production, packaging, assembly and distribution of high-quality, shelf-stable food products to the United States Department of Defense (DoD), the Federal Emergency Management Agency, major branded food companies and numerous disaster relief organizations around the country.

AmeriQual has three facilities: two food processing facilities (one in Evansville, Indiana and one in Stone Mountain, Georgia) and a packaging and assembly plant in Evansville. AmeriQual processes, packages, and assembles all of the entrees and a large percentage of the components within our Emergency meals.

AmeriQual also utilizes cold storage that is centrally located and capable of reaching Texas within 24 hours.

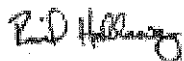
As a result of our food processing and packaging capabilities, coupled with our warehousing capacity, AmeriQual intends to self perform 100% of the contract with the State of Texas. AmeriQual will, however, consider using Texas HUB vendors for logistics purposes should additional business development opportunities arise within the state.

AmeriQual is able to expedite shipments from its Indiana distribution facility because of its central location. AmeriQual has prearranged logistics carriers in place to ensure we can meet delivery requirements during a large scale event.

SECTION 4 AFFIRMATION

As evidenced by my signature below, I affirm that I am an authorized representative of the respondent listed in SECTION 1, and that the information and supporting documentation submitted with the HSP is true and correct. Respondent understands and agrees that, if awarded any portion of the requisition:

- The respondent will provide notice as soon as practical to all the subcontractors (HUBs and Non-HUBs) of their selection as a subcontractor for the awarded contract. The notice must specify at a minimum the contracting agency's name and its point of contact for the contract, the contract award number, the subcontracting opportunity they (the subcontractor) will perform, the approximate dollar value of the subcontracting opportunity and the expected percentage of the total contract that the subcontracting opportunity represents. A copy of the notice required by this section must also be provided to the contracting agency's point of contact for the contract no later than ten (10) working days after the contract is awarded.
- The respondent must submit monthly compliance reports (Prime Contractor Progress Assessment Report - PAR) to the contracting agency, verifying its compliance with the HSP, including the use of and expenditures made to its subcontractors (HUBs and Non-HUBs). (The PAR is available at <http://www.window.state.tx.us/procurement/proc/hub/hub-forms/progressassessmentrpt.xls>).
- The respondent must seek approval from the contracting agency prior to making any modifications to its HSP, including the hiring of additional or different subcontractors and the termination of a subcontractor the respondent identified in its HSP. If the HSP is modified without the contracting agency's prior approval, respondent may be subject to any and all enforcement remedies available under the contract or otherwise available by law, up to and including debarment from all state contracting.
- The respondent must, upon request, allow the contracting agency to perform on-site reviews of the company's headquarters and/or work-site where services are being performed and must provide documentation regarding staffing and other resources.



Signature

Rashid Hallaway

Printed Name

Vice President

Title

9/19/14

Date

- REMINDER:** > If you responded "Yes" to SECTION 2, Items c or d, you must complete an "HSP Good Faith Effort - Method A (Attachment A)" for each of the subcontracting opportunities you listed in SECTION 2, Item b.
- > If you responded "No" to SECTION 2, Items c and d, you must complete an "HSP Good Faith Effort - Method B (Attachment B)" for each of the subcontracting opportunities you listed in SECTION 2, Item b.

Enter your company's name here: Ameriquel Group, LLC Requisition #: 405-EMD-15-B50116

SECTION A-1 SUBCONTRACTING OPPORTUNITY

Item #:	Description:

SECTION A-2 SUBCONTRACTOR SELECTION

[illegible]

REMINDER: As specified in SECTION 4 of the completed HSP form, if you (respondent) are awarded any portion of the requisition, you are required to provide notice as soon as practical to all the subcontractors (HUBs and Non-HUBs) of their selection as a subcontractor. The notice must specify at a minimum the contracting agency's name and its point of contact for the contract, the contract award number, the subcontracting opportunity they (the subcontractor) will perform, the approximate dollar value of the subcontracting opportunity and the expected percentage of the total contract that the subcontracting opportunity represents. A copy of the notice required by this section must also be provided to the contracting agency's point of contact for the contract no later than ten (10) working days after the contract is awarded.

HSP Good Faith Effort - Method B (Attachment B)

Enter your company's name here: Ameriquel Group, LLC

Requisition #: 405-EMD-15-B50116

IMPORTANT: If you responded "No" to SECTION 2, Items c and d of the completed HSP form, you must submit a completed "HSP Good Faith Effort - Method B (Attachment B)" for each of the subcontracting opportunities you listed in SECTION 2, Item b of the completed HSP form. You may photo-copy this page or download the form at <http://www.window.state.tx.us/procurement/prog/hub/hub-forms/HUBSubcontractingPlanAttachment-B.doc>

SECTION B-1 SUBCONTRACTING OPPORTUNITY

Enter the item number and description of the subcontracting opportunity you listed in SECTION 2, Item b, of the completed HSP form for which you are completing this attachment.

Item #: _____ Description: _____

SECTION B-2 MENTOR PROTÉGÉ PROGRAM

If respondent is participating as a Mentor in a State of Texas Mentor Protégé Program, submitting its Protégé (Protégé must be a State of Texas certified HUB) as a subcontractor to perform the subcontracting opportunity listed in SECTION B-1, constitutes a good faith effort to subcontract with a Texas certified HUB towards that specific portion of work.

Check the appropriate box (Yes or No) that indicates whether you will be subcontracting the portion of work you listed in SECTION B-1 to your Protégé.

☐ - Yes (If Yes, to continue to SECTION B-4.)

☐ - No / Not Applicable (If No or Not Applicable, continue to SECTION B-3 and SECTION B-4.)

SECTION B-3 NOTIFICATION OF SUBCONTRACTING OPPORTUNITY

When completing this section you **MUST** comply with items a, b, c and d, thereby demonstrating your Good Faith Effort of having notified Texas certified HUBs and minority or women trade organizations or development centers about the subcontracting opportunity you listed in SECTION B-1. Your notice should include the scope of work, information regarding the location to review plans and specifications, bonding and insurance requirements, required qualifications, and identify a contact person. When sending notice of your subcontracting opportunity, you are encouraged to use the attached HUB Subcontracting Opportunity Notice form, which is also available online at <http://www.window.state.tx.us/procurement/prog/hub/hub-subcontracting-plan/>

Retain supporting documentation (i.e., certified letter, fax, e-mail) demonstrating evidence of your good faith effort to notify the Texas certified HUBs and minority or women trade organizations or development centers. Also, be mindful that a working day is considered a normal business day of a state agency, not including weekends, federal or state holidays, or days the agency is declared closed by its executive officer. The initial day the subcontracting opportunity notice is sent/provided to the HUBs and to the minority or women trade organizations or development centers is considered to be "day zero" and does not count as one of the seven (7) working days.

- a. Provide written notification of the subcontracting opportunity you listed in SECTION B-1, to three (3) or more Texas certified HUBs. Unless the contracting agency specified a different time period, you must allow the HUBs at least seven (7) working days to respond to the notice prior to your submitting your bid response to the contracting agency. When searching for Texas certified HUBs, ensure that you use the State of Texas' Centralized Master Bidders List (CMBL) and Historically Underutilized Business (HUB) Search directory located at <http://www.window.state.tx.us/procurement/cmb/cmbhub.html>. HUB Status code "A" signifies that the company is a Texas certified HUB.
- b. List the three (3) Texas certified HUBs you notified regarding the subcontracting opportunity you listed in SECTION B-1. Include the company's Vendor ID (VID) number, the date you sent notice to that company, and indicate whether it was responsive or non-responsive to your subcontracting opportunity notice.

Company Name	VID #	Date Notice Sent (mm/dd/yyyy)	Did the HUB Respond?
		/ /	<input type="checkbox"/> - Yes <input type="checkbox"/> - No
		/ /	<input type="checkbox"/> - Yes <input type="checkbox"/> - No
		/ /	<input type="checkbox"/> - Yes <input type="checkbox"/> - No

- c. Provide written notification of the subcontracting opportunity you listed in SECTION B-1 to two (2) or more minority or women trade organizations or development centers to assist in identifying potential HUBs by disseminating the subcontracting opportunity to their members/participants. Unless the contracting agency specified a different time period, you must provide your subcontracting opportunity notice to minority or women trade organizations or development centers at least seven (7) working days prior to submitting your bid response to the contracting agency. A list of trade organizations and development centers that have expressed an interest in receiving notices of subcontracting opportunities is available on the Statewide HUB Program's webpage at <http://www.window.state.tx.us/procurement/prog/hub/mwb-links-1/>
- d. List two (2) the minority or women trade organizations or development centers you notified regarding the subcontracting opportunity you listed in SECTION B-1. Include the date when you sent notice to it and indicate if it accepted or rejected your notice.

Minority/Women Trade Organizations or Development Centers	Date Notice Sent (mm/dd/yyyy)	Was the Notice Accepted?
	/ /	<input type="checkbox"/> - Yes <input type="checkbox"/> - No
	/ /	<input type="checkbox"/> - Yes <input type="checkbox"/> - No

HSP Good Faith Effort - Method B (Attachment B) *cont.*

 Enter your company's name here: Ameriqua Group, LLC

 Requisition #: 405-EMD-15-B50116

SECTION B-1 SUBCONTRACTOR SELECTION

- a. List the subcontractor(s) you selected to perform the subcontracting opportunity you listed in SECTION B-1. Also identify whether they are a Texas Certified HUB and their VID number, the approximate dollar value of the work to be subcontracted, the expected percentage of work to be subcontracted, and indicate whether the company is a Texas certified HUB.

Company Name	Texas Certified HUB	VID # (Required if Texas Certified HUB)	Approximate Dollar Amount	Expected Percentage of Contract
	<input type="checkbox"/> - Yes <input type="checkbox"/> - No		\$	%
	<input type="checkbox"/> - Yes <input type="checkbox"/> - No		\$	%
	<input type="checkbox"/> - Yes <input type="checkbox"/> - No		\$	%
	<input type="checkbox"/> - Yes <input type="checkbox"/> - No		\$	%
	<input type="checkbox"/> - Yes <input type="checkbox"/> - No		\$	%
	<input type="checkbox"/> - Yes <input type="checkbox"/> - No		\$	%
	<input type="checkbox"/> - Yes <input type="checkbox"/> - No		\$	%

- b. If any of the subcontractors you have selected to perform the subcontracting opportunity you listed in SECTION B-1 is not a Texas certified HUB, provide written justification for your selection process (attach additional page if necessary):

REMINDER: As specified in SECTION 4 of the completed HSP form, if you (respondent) are awarded any portion of the requisition, you are required to provide notice as soon as practical to all the subcontractors (HUBs and Non-HUBs) of their selection as a subcontractor. The notice must specify at a minimum the contracting agency's name and its point of contact for the contract, the contract award number, the subcontracting opportunity it (the subcontractor) will perform, the approximate dollar value of the subcontracting opportunity and the expected percentage of the total contract that the subcontracting opportunity represents. A copy of the notice required by this section must also be provided to the contracting agency's point of contact for the contract no later than ten (10) working days after the contract is awarded.

HUB Subcontracting Opportunity Notification Form

In accordance with Texas Gov't Code, Chapter 2161, each state agency that considers entering into a contract with an expected value of \$100,000 or more shall, before the agency solicits bids, proposals, offers, or other applicable expressions of interest, determine whether subcontracting opportunities are probable under the contract. The state agency I have identified below in Section B has determined that subcontracting opportunities are probable under the requisition to which my company will be responding.

34 Texas Administrative Code, §20.14 requires all respondents (prime contractors) bidding on the contract to provide notice of each of their subcontracting opportunities to at least three (3) Texas certified HUBs (who work within the respective industry applicable to the subcontracting opportunity), and allow the HUBs at least seven (7) working days to respond to the notice prior to the respondent submitting its bid response to the contracting agency. In addition, the respondent must provide notice of each of its subcontracting opportunities to two (2) or more minority/women trade organizations or development centers at least seven (7) working days prior to submitting its bid response to the contracting agency.

We respectfully request that vendors interested in bidding on the subcontracting opportunity scope of work identified in Section C, Item 2, reply no later than the date and time identified in Section C, Item 1. Submit your response to the point-of-contact referenced in Section A.

Section A	PRIME CONTRACTOR'S INFORMATION	
Company Name:		State of Texas VID #:
Point-of-Contact:		Phone #:
E-mail Address:		Fax #:
Section B	CONTRACTING STATE AGENCY AND REQUISITION INFORMATION	
Agency Name:		
Point-of-Contact:		Phone #:
Requisition #:		Bid Open Date:
Section C	SUBCONTRACTING OPPORTUNITY RESPONSE DUE DATE, DESCRIPTION, REQUIREMENTS AND RELATED INFORMATION	
1.	<p>Potential Subcontractor's Bid Response Due Date:</p> <p style="text-align: right;">(Date)</p> <p>Our firm must receive your bid response to this subcontracting opportunity no later than 5:00 P.M., Central Daylight Time on:</p> <p style="border-bottom: 1px solid black; margin-top: 5px;"></p> <p><small>In accordance with 34 TAC §20.14, each notice of subcontracting opportunity shall be provided to <u>at least three (3)</u> Texas certified HUBs, and allow the HUBs <u>at least seven (7) working days</u> to respond to the notice prior to submitting our bid response to the contracting agency. In addition, we must provide the same notice to two (2) or more minority/women trade organizations or development centers <u>at least seven (7) working days</u> prior to submitting our bid response to the contracting agency.</small></p> <p><small>(A working day is considered a normal business day of a state agency, not including weekends, federal or state holidays, or days the agency is declared closed by its executive officer. The initial day the subcontracting opportunity notice is sent/provided to the HUBs and to the minority or women trade organizations or development centers is considered to be "day zero" and does not count as one of the seven (7) working days.)</small></p>	
2.		
3.		
4.		
5.		



HUB Subcontracting Plan (HSP) Prime Contractor Progress Assessment Report

This form must be completed and submitted to the contracting agency each month to document compliance with your HSP.

Contract/Requisition Number: _____ Date of Award: _____ Object Code: _____
 (mm/dd/yyyy) (Agency Use Only)

Contracting Agency/University Name: Texas Department of Public Safety

Contract Administrator Name: _____

Contractor (Company) Name: _____ State of Texas VID #: _____

Point of Contact: _____ Phone #: _____

Reporting (Month) Period: _____ Total Amount Paid this Reporting Period to Contractor: \$ _____

Report HUB and Non-HUB subcontractor information

Subcontractor's Name	Subcontractor's VID or HUB Certificate Number	*Texas Certified HUB? (Yes or No)	Total Contract \$ Amount from HSP with Subcontractor	Total \$ Amount Paid This Reporting Period to Subcontractor	Total Contract \$ Amount Paid to Date to Subcontractor	Object Code (Agency Use Only)
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
			\$	\$	\$	
TOTALS:			\$	\$	\$	

Signature: _____ Title: _____ Date: _____

*Note: Prime contractors can verify subcontractor HUB certification status on-line at <http://www2.cpa.state.tx.us/cmb/cmbhub.html>

H

**MINORITY/WOMEN TRADE
ORGANIZATIONS/DEVELOPMENT CENTERS**
Texas Department of Public Safety HUB Program

ORGANIZATION	MAILING ADDRESS	PHONE	FAX	EMAIL
American Indian Chamber of Commerce of Texas	P.O. Box 163047, Fort Worth, TX 76161	972-241-6450	972-241-6454	amarshall@aicc.com
Black Contractors Association - Dallas/Fort Worth	1409 S. Lamar Street, Suite 231, Dallas, TX 75215	214-485-0483	214-485-0467	info@blackcontractors.org, rixgson@blackcontractors.org
Capital City African American Chamber of Commerce	5407 North IH-35, Suite 304, Austin, TX 78723	512-459-1181	512-459-1183	ceo@capcitychamber.org
Dallas Black Chamber of Commerce	2838 Martin Luther King Jr. Boulevard, Dallas, TX 75215	214-421-5200	214-421-5510	chum@dbcc.org, ero@dbcc.org, jeates@dbcc.org
DFW Minority Supplier Development Council	2710 North Stemmons Freeway, North Tower, Suite 900, Dallas, TX 75207-2212	214-630-0747	214-637-2241	rafi@dfwmsdc.com, sourcing@dfwmsdc.com
Dallas Hispanic Chamber of Commerce	4622 Maple Avenue, Suite 207, Dallas, TX 75219	214-521-6007	214-520-1687	maribel@adhec.com
El Paso Hispanic Chamber of Commerce	2401 E. Missouri St., El Paso, TX 79903	915-566-4066	915-566-9714	treed@epfcc.org
Fort Worth Metropolitan Black Chamber of Commerce	1150 South Freeway, Suite 211, Fort Worth, TX 76104	817-871-6538	817-332-6438	bholden@fwmbcc.org
Golden Triangle Minority Business Council		409-962-8530	409-722-5402	Hatcher.Beverly@gtmbc.com
Greater Houston Business Procurement Forum	17071/2 South Post Oak Blvd., PMB 273, Houston, TX 77056	832-216-2185	713-436-8333	milton@houstonbiz.org
Hispanic Contractors Association - Houston	7 Parker Road, Houston, TX 77076	832-883-5078	Use email	randymagdaleno@yahoo.com
Hispanic Contractors Association - San Antonio	8300 Pat Booker, RM 233 Live Oak, San Antonio, TX 78233	210-444-1100	210-444-1101	admin@headesa.org
Hispanic Contractors Association - Regional	2210 W. Illinois Avenue, Dallas, TX 75224-1636	972-786-0909	972-786-0910	raul@regionalhica.org
Houston Hispanic Chamber of Commerce	1801 Main Street, Suite 890, Houston, TX 77002	713-644-7070	713-644-7377	invesquez@houstonhispanicchamber.com imancilla@houstonhispanicchamber.com; info@houstonhispanicchamber.com
Houston Minority Supplier Development Council	Three Riverway, Suite 555, Houston, TX 77056	713-271-7805	713-271-9770	angela.freeman@hmsdc.org, lery.williams@hmsdc.com
National Association of Minority Contractors Inc. - Houston	3825 Dacoma St., Houston, TX 77092	713-843-3791	713-843-3701	info@namctexas.org
Regional Hispanic Contractors Association (RHCA)		972-786-0909	972-786-0910	Julio@regionalhica.org
San Antonio Hispanic Chamber of Commerce	200 East Grayson, Suite 203, San Antonio, TX 78215	210-225-0462	210-225-2485	adrianm@saicc.org
Southwest Minority Supplier Development Council	912 Bastrop Highway, Ste. 101, Austin, TX 78741	512-386-8766	512-386-8988	jeaniger@smsdc.org, eva@smsdc.org
Texas Asian Chamber of Commerce	3463 Magic Dr., #300, San Antonio, TX 78229	210-659-2160	Use email	Use email
Texas Association of African American Chambers of Commerce (TAAACC)	P.O. Box 26918, Austin, TX 78755	512-485-1090	512-485-1090	txasianchamber@gmail.com
Texas Association of Historically Underutilized Businesses	P.O. Box 13064, Austin, TX 78711-3064	512-535-5810	Use email	tanace179@yahoo.com
Texas Association of Mexican American Chambers of Commerce (TAMACC)	P.O. Box 684726, Austin, TX 78768-4726		915-5857751, 512-288-9121	info@texashubs.org, tmaia@tsaustin.com
	3000 South IH-35, Suite 305, Austin, TX 78704	512-444-5727	512-444-4929	panlon@tamaa.org

H

Tri-County Black Chamber of Commerce	P.O. Box 88376, Houston, TX 77288	832-875-3977	713-218-051 713-839-7329	procurement@tcbcc.org
U.S. Hispanic Contractors Association de Austin	319 Congress Ave., Ste 250 Austin, TX 78723	512-922-0507	Use email	info@ushca-austin.com
U.S. Pan Asian American Chamber of Commerce - SW		682-367-1393	817-469-9485	gmcdermott@uspaacc-sw.org
Women's Business Council - Southwest	2201 North Collins, Suite 158, Arlington, TX 76011	817-299-0566	Use email	asteele@wbcsouthwest.org
Women's Business Enterprise Alliance (WBEA)	4100 Westheimer Rd., Ste 260, Houston, TX 77027	713-681-9232	713-681-9242	bids@wbea-texas.org
Women Contractors Association (WCA)	10807 Jones Rd, PMB 164, Houston, TX 77065	713-807-9977	713-807-9917	director@womencontractors.org

ATTACHMENT I

CHECK LIST


Check List

A complete bid or bid package will consist of the items identified below.

Complete this checklist to confirm the items in your bid. Place a check mark or "X" next to each item that you are submitting to the State. For your bid to be responsive, all required documents must be returned. This checklist should be returned with your bid package also.

Document Name/Description

<u> X </u>	Check List
<u> X </u>	Bidder Affirmations, pages 11 and 12 of IFB (section 12.03 and 12.06 must be completed-DO NOT LEAVE THEM BLANK or use NA)
<u> X </u>	Pricing Sheet (Page 3 and 4 of the IFB)
<u> X </u>	Texas Application for Payee Identification Number (only required if contractor does not currently have a TIN's number)
<u> X </u>	Request for Taxpayer Identification Number and Certification
<u> X </u>	Direct Deposit Authorization (only required if vendor wishes to received direct deposit for payments)
<u> X </u>	Verification of Experience Form
<u> X </u>	HUB Subcontracting Plan
<u> X </u>	Certificate of Insurance
<u> NA </u>	License

AMENDMENT OF SOLICITATION		Page 1 of 1 Page
1. SOLICITATION NO. 405-EMD-15-B50116	2. AMENDMENT NO. A-001	3. EFFECTIVE DATE 09/09/2014
4. ISSUED BY Texas Department of Public Safety Procurement and Contract Services Bureau P.O. Box 4087 Austin, Texas 78773-0130		
5. NAME AND ADDRESS OF OFFEROR AmeriQual Group, LLC 18200 HWY 41 N Evansville, IN 47725		
<p>6. The above numbered solicitation is amended as set forth in Item 7. The hour and date specified for receipt of Bids <input type="checkbox"/> is extended, <input checked="" type="checkbox"/> is not extended.</p> <p>Bidders must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:</p> <p>(a) By completing Items 5 and 8, and returning 1 copy of the amendment; (b) By acknowledging receipt of this amendment on each copy of the bid submitted; or (c) By separate letter or e-mail which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF BIDS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR BID. If by virtue of this amendment you desire to change a bid already submitted, such change may be made by e-mail or letter, provided each e-mail or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.</p>		
7. DESCRIPTION OF AMENDMENT		
<p><u>The purpose of this Amendment is to insert additional language to Attachment A, Scope of Work found within the IFB.</u></p> <p><u>This addition of language shall be inserted on page 27 of the IFB under section 5, sub section 5.2 (packaging) of the Scope of work.</u></p> <p><u>The addition of line 5.2.5 shall read: Vegetarian and low-sodium meals are acceptable. However, vegetarian and low-sodium meals shall not each (separately) exceed one percent of total meals. The meals shall meet all other requirements, and shall be packaged with like meals. (Vegetarian meals shall be packaged in cases of only vegetarian meals and low sodium meals shall be packaged in cases of only low sodium meals).</u></p> <p><u>Please sign this addendum and return with your bid.</u></p>		
All terms and conditions of the solicitation remain unchanged.		
8a. NAME AND TITLE OF SIGNER (Type or Print) Rashid Hallaway, Vice President		
8b. OFFEROR 		9/19/14
(Signature of Person Authorized to Sign)		Date Signed

AMENDMENT OF SOLICITATION		Page 1 of 1 Page
1. SOLICITATION NO. 405-EMD-15-B50116	2. AMENDMENT NO. A-002	3. EFFECTIVE DATE 09/10/2014
4. ISSUED BY Texas Department of Public Safety Procurement and Contract Services Bureau P.O. Box 4087 Austin, Texas 78773-0130		
5. NAME AND ADDRESS OF OFFEROR AmeriQual Group, LLC. 18200 HWY 41 N Evansville, IN 47725		
<p>6. The above numbered solicitation is amended as set forth in Item 7. The hour and date specified for receipt of Bids <input type="checkbox"/> is extended, <input checked="" type="checkbox"/> is not extended.</p> <p>Bidders must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:</p> <p>(a) By completing Items 5 and 8, and returning 1 copy of the amendment; (b) By acknowledging receipt of this amendment on each copy of the bid submitted; or (c) By separate letter or e-mail which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF BIDS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR BID. If by virtue of this amendment you desire to change a bid already submitted, such change may be made by e-mail or letter, provided each e-mail or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.</p>		
7. DESCRIPTION OF AMENDMENT		
<p><u>The purpose of this Amendment is to answer questions for the solicitation of Vendor Managed inventory of Emergency Meals.</u></p> <p><u>See the next page for all vendor questions and the responses provided by TXDPS.</u></p> <p><u>Please sign this addendum and return with your bid.</u></p>		
All terms and conditions of the solicitation remain unchanged.		
8a. NAME AND TITLE OF SIGNER (Type or Print)		
Rashid Hallaway, Vice President		
8b. OFFEROR		9/19/14
(Signature of Person Authorized to Sign)		Date Signed

QUESTIONS AND ANSWERS FOR 405-EMD-15-B50116

1. (Question) - Is a drink mix required in the meal? If not required, is a powdered drink mix acceptable as part of the meal.

(Answer) No, a drink mix is not required. But if a vendor wishes to make a meal package from various products, it is acceptable as long as the ENTIRE meal package will last 5 years and contains a self-heating meal entree and the meal equals a minimum of 1,000 calories and meets USDA standards. If an item contained within the meal package has a shelf life of under 5 years, the entire package shall not be acceptable.

2. (Question) - Are there any dietary requirements and/or restrictions?

(Answer) Vegetarian and low-sodium meals are acceptable. However, vegetarian and low-sodium meals shall not each (separately) exceed one percent of total meals, shall meet all other requirements, and shall be packaged with like meals (vegetarian meals must be packaged in cases of only vegetarian meals and low sodium meals shall be packaged in cases of only low sodium meals).

3. (Question) - Are vegetarian meals required as part of meal assortment? If not required, is a vegetarian meal acceptable as part of meal assortment?

(Answer) See answer to question #2 above.

4. (Question) we have a problem understanding your invitation to bid 405-EMD-15-B50116. We have a question with regards to your request for bid on Shelf-Stable Meals. Item Number 9 indicates each meal shall provide a minimum of 1,000 calories; how do you perceive a meal having 1,000 calories and not being a Military MRE? If this is a Meal Kit that requires a self-heating meal and other condiments such as a meal replacement bar, desert, cake or cookie for a total of 1,000 calories, please advise.

(Answer) If the meal or contents of the individual meal or meal package equals a minimum of 1,000 calories, meets USDA standards and has a shelf life of 5 years then it meets the requirements of the bid. If a vendor wishes to make a meal package from various products, it is acceptable as long as the ENTIRE meal will last 5 years - if any item in the meal package has a shelf life under 5 years, the entire package shall not be acceptable.)

5. (Question) will a vendor be reimbursed for any transportation costs associated with returning unused meals back to our warehouse?

(Answer) Yes, please see the IFB, attachment A of the scope of work, page 29 section 5.7.2

6. (Question) if a vendor intends to self- perform the contract, will that have an adverse impact on the vendor's bid?

(Answer) No.

7. (Question) how much preference is given to HUB companies or business that subcontracts with HUB vendors versus companies that self- perform?

(Answer) None, Award is based upon overall low bid but it is required that the HSP is filled out completely accurately and signed.

8. (Question) Could you please provide some detail around Pass/Fail Requirement #6 on pg. 3 of the bid. Is there a specific temperature the state is targeting for storage?

(Answer) The vendor shall store the meals at the temperature required to maintain maximum shelf like, palatability, appearance, safety, and viability of the meals.

9. (Question) Regarding Pass/Fail Requirement #6 on pg. 3 of the bid, if the product does not require storage in a climate controlled warehouse in order to achieve the required 5 year shelf life can this requirement be waived?

(Answer) Yes, as long as the vendor stores the meals in a manner that maintains maximum shelf life, palatability, appearance, safety, and viability of the meals.

10. (Question) Given the lower cost and longer term shelf life of freeze-dried and dehydrated meal options, is the State amenable to this option if all other requirements of the bid (including self-heating) are met?

(Answer) Yes, as long as everything needed to rehydrate the meals and/or make them ready to be consumed are included in the kit.

11. (Question) Could the State expound on its preferences/requirements regarding packaging. For example, does the State want the meals packaged in individual serving packages (meeting the 1,000 cal. requirement) or are larger quantity packages acceptable (i.e. 8-10 servings per package) as long as the # of servings provided still amounts to 1,000 calories per meal?

(Answer) Meals shall be packaged in individual serving packages.

12. (Question) Is there any flexibility around Pass/Fail Requirement Nos. 2, 3 and 4 (pg. 3 of the bid) if the bidder, by other means, can show an experience level with which the state is comfortable?

(Answer) No

AmeriQual Addendum to Pricing for 405-EMD-15-B50116

AmeriQual's stated unit pricing of \$3.55 per meal across all volume tiers is valid for a 1 year period from date of award. Due to potential fluctuations in commodities and other costs of manufacturing, AmeriQual's unit pricing will increase by 3% per annum in periods 2, 3, 4 and 5.



Rashid Hallaway

9/19/14

Client#: 115042

AMERIGRO

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/19/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Old National Insurance P.O. Box 968 Evansville, IN 47706 812 461-9001	CONTACT NAME: Elissa Stuckey	
	PHONE (A/C, No, Ext): 812-468-7848	FAX (A/C, No): 812-461-9008
E-MAIL ADDRESS: Elissa.Stuckey@oldnationalins.com		
INSURED AmeriQual Group, LLC 18200 Hwy 41 N Evansville, IN 47725	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Massachusetts Bay Ins. Co.	NAIC #: 22306
	INSURER B: Great American Insurance Co.	16691
	INSURER C: American Select Insurance Co.	19992
	INSURER D: St. Paul Fire & Marine Ins. Co.	24767
	INSURER E: Great American Insurance Co.	16691
INSURER F: Liberty Insurance Underwriters		19917

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC		ZDW580876112	06/13/2014	06/13/2015	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		ZDW580876112	06/13/2014	06/13/2015	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$10,000		TUU557585010	06/13/2014	06/13/2015	EACH OCCURRENCE \$5,000,000 AGGREGATE \$5,000,000 \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	WCP1465728	06/13/2014	06/13/2015	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$500,000 E.L. DISEASE - EA EMPLOYEE \$500,000 E.L. DISEASE - POLICY LIMIT \$500,000
D	Excess Liability		ZUP81M0753514NF	06/13/2014	06/13/2015	\$20MM Excess of \$ 5MM
E	Excess Liability		TUE098740500	06/13/2014	06/13/2015	\$ 5MM Excess of \$25MM
F	Excess Liability		100005001702	06/13/2014	06/13/2015	\$15MM Excess of \$30MM

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

CANCELLATION

Texas Dept. of Public Safety IFB #405-EMD-15-B50116 Procurement & Contract Services MSC 0266, Building A, 1st Floor 5805 N Lamar Blvd Austin, TX 78752	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Frank R. Karamite</i>

© 1988-2010 ACORD CORPORATION. All rights reserved.



Decide with Confidence

AMERIQUEAL GROUP, LLC

D-U-N-S® 09-077-1108

Headquarters
18200 Hwy 41 N.
Evansville, IN 47725
Website:
www.ameriqueal.com

Phone 812-867-1444
Fax 812-867-0278

Business Information Report

Purchase Date 09/19/2014
Last Update Date 05/14/2014
Attention: Halbig

Executive Summary

Company Info

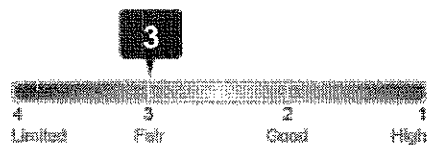
Year Started	1988	Employees Here	510-380 at this location
Control Year	1993	Trade Styles	AMERIQUEAL FOODS; AMERIQUEAL PACKAGING; THERMO PAC
Employees	650		

D&B Rating

D&B Rating

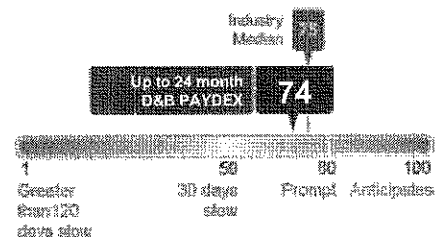
1R3

Composite Credit Appraisal

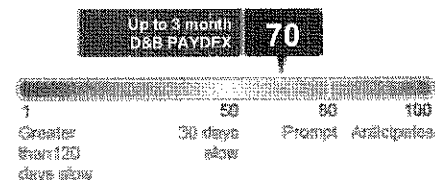


D&B PAYDEX®

Up to 24 month D&B PAYDEX



Up to 3 month D&B PAYDEX

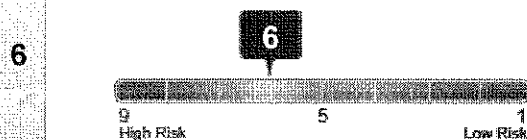


D&B Viability Rating

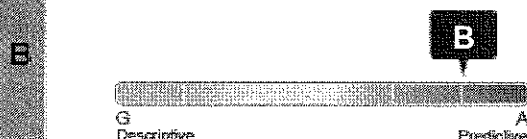
D&B Viability Rating

6

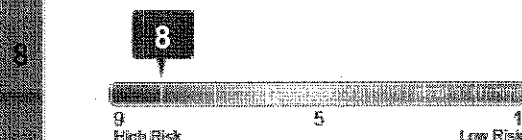
Viability Score



Data Depth Indicator



Portfolio Comparison



Company Profile

Financial Data	Trade Payments	Company Size	Years in Business
Not Available	Available (3+Trade)	Large	Established



Decide with Confidence

Business Information

Business Summary

Branch & Division: YES

SIC 2099
Mfg food
preparations

NAICS 311991
Perishable
Prepared Food
Manufacturing

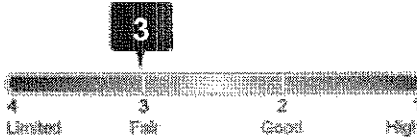
History Status CLEAR

Credit Capacity Summary

D&B Rating

1R3

Composite Credit Appraisal



Prior D&B Rating 1R3

Rating Date 08/10/2002

Payment Activity
(based on 127 experiences) USD

Average High Credit \$32,743

Highest Credit 600,000

Total Highest Credit 4,144,200

D&B Viability Rating

The D&B Viability Rating uses D&B's proprietary analytics to compare the most predictive business risk indicators and deliver a highly reliable assessment of the probability that a company will no longer be in business within the next 12 months.

6

Viability Score

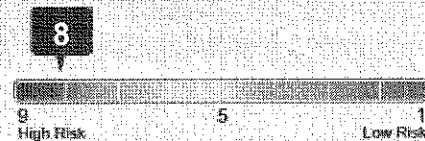


Compared to All US Businesses within D&B Database:

- Level of risk: Moderate Risk
- Businesses ranked 6 have a probability of becoming no longer viable: 13%
- Percentage of businesses ranked 6: 30%
- Across all US businesses, the average probability of becoming no longer viable: 14%

8

Portfolio Comparison



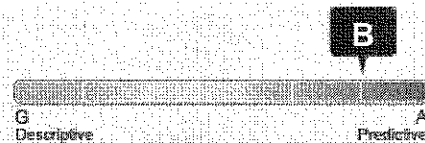
Compared to all Businesses within the same MODEL SEGMENT:

Model Segment: Established Trade Payments

- Level of risk: High Risk
- Businesses ranked 8 within this model segment have a probability of becoming no longer viable: 11%
- Percentage of businesses ranked 8 within this model segment: 13%
- Within this model segment, the average probability of becoming no longer viable: 5%

B

Data Depth Indicator





Decide with Confidence

Data Depth Indicator Details:

- ✓ Rich Firmographics
- ✓ Extensive Commercial Trading Activity
- ✓ Basic Financial Attributes

Greater data depth can increase the precision of the D&B Viability Rating assessment.

You have the ability to influence the confidence of the viability assessment by asking the business to report more information to D&B at

<https://iupdate.dnb.com/iUpdate/>

Company Profile

Financial Data	Trade Payments	Company Size	Years in Business
Not Available	Available (3+Trade)	Large	Established

Company Profile Details:

- Financial Data: **Not Available**
- Trade Payments: **Available (3+Trade)**
- Business Size: **Large** (Employees:50+ or Sales: \$500K+)
- Years in Business: **Established (5+)**

Business History

Officers DANIEL HERMANN, MBR;
STEVEN CHANCELLOR, MBR;
EUGENE D AIMONE, MBR;
TIMOTHY A BRAUER, MBR

Directors The officers identified by (+)

As of 05/14/2014

The Indiana Secretary of State's business registrations file showed that Ameriqua Group, LLC was registered as a Limited Liability Company on June 15, 2000.

Ownership information provided verbally by David Barnes, Controller, on Aug 08 2012.

Business started 1988 by Steven Chancellor. Present control succeeded 1993.

DANIEL HERMANN born 1957. Graduated from Indiana State University, Evansville, IN in 1979 (accounting). 1979-1982 employed by Harding Shymanski & Co Accountants, Evansville, IN. 1982-present employed by Black Beauty Coal Co Inc and its affiliates. He is a certified public accountant.

STEVEN CHANCELLOR born 1947. Graduate of University of Evansville, Evansville, IN. Active here since 1978, elected Chairman of the Board Jul 1 1981. 1969-1977 employed by Thrift Financial Corporation, Evansville, IN.

EUGENE D AIMONE. Antecedents are undetermined.

TIMOTHY A BRAUER. Antecedents are undetermined.

Affiliates:

ThermoPac, LLC located at Stone Mountain, GA

Business Registration

CORPORATE AND BUSINESS REGISTRATIONS REPORTED BY THE SECRETARY OF STATE OR OTHER OFFICIAL SOURCE AS OF Aug 12 2014:

Registered Name	AMERIQUEL GROUP, LLC	Registration ID	2000061500319	Filing Date	06/15/2000
Business Type	DOMESTIC LIMITED LIABILITY CO	Status	ACTIVE	Registered Agent	STEPHAN E. WEITZEL 20 N.W. FIRST STREET, 9TH FLOOR, EVANSVILLE, IN
State of Incorporation	INDIANA	Where Filed	SECRETARY OF STATE/CORPORATIONS DIVISION, INDIANAPOLIS, IN		



Decide with Confidence

477080000

Government Activity Summary

Activity Summary		Possible candidate for socioeconomic program consideration	
Borrower	No	Labor Surplus Area	N/A
Administrative Debt	No	Small Business	N/A
Grantee	No	Women Owned	N/A
Party Excluded from Federal Programs	No	Minority Owned	N/A
Public Company	N/A		
Contractor	Yes		
Importer/Exporter	Importer		

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

Operations Data

As of 05/14/2014

Description: Manufactures food preparations, specializing in ready-to-eat meals, salads or sandwiches (100%).

Has 20 account(s). Terms are Net 30 days. Sells to US Department of Defense. Territory : United States.

Nonseasonal.

Employees: 650 which includes partners. 510-380 employed here.

Facilities: Owns premises in a single story brick and steel building.

Location: Rural section on main highway.

Industry Data

SIC		NAICS	
Code	Description	Code	Description
20990700	Ready-to-eat meals, salads, and sandwiches	311991	Perishable Prepared Food Manufacturing

Family Tree**Branches Domestic**

AMERICAL GROUP, LLC (D-U-N-S®:13-002-7582) AKA: AMERICAL PACKAGING 225 W MORGAN AVE STE C EVANSVILLE, IN 47710-2515	AMERICAL GROUP, LLC (D-U-N-S®:80-746-6032) AKA: AMERICAL FOODS 18200 HIGHWAY 41 N. EVANSVILLE, IN 47725-8588
---	---

Subsidiaries Domestic

THERMO PAC, LLC
(D-U-N-S®:82-824-8109)
1609 STONE RIDGE DR
STONE MOUNTAIN, GA 30083-1109

This list is limited to the first 25 branches, subsidiaries, divisions and affiliates, both domestic and international. Please use the Global Family Linkage Link above to view the full listing.



Decide with Confidence

Financial Statements**Key Business Ratios** (Based on 10 establishments)

D&B has been unable to obtain sufficient financial information from this company to calculate business ratios. Our check of additional outside sources also found no information available on its financial performance. To help you in this instance, ratios for other firms in the same industry are provided below to support your analysis of this business.

	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales	UN	8.0	UN
Return on Net Worth	UN	22.2	UN
Short Term Solvency			
Current Ratio	UN	2.2	UN
Quick Ratio	UN	1.2	UN
Efficiency			
Assets Sales	UN	49.6	UN
Sales / Net Working Capital	UN	5.9	UN
Utilization			
Total Liabs / Net Worth	UN	86.3	UN

Most Recent Financial Statement

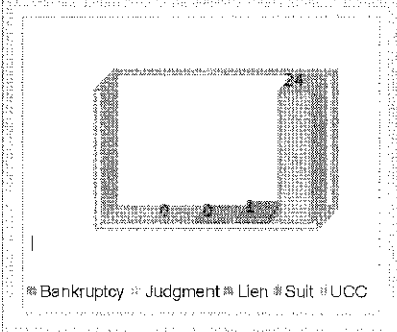
As of 05/14/2014

On MAY 02 2014 Timothy A Brauer, Cntrl, deferred financial information.

Indicators**Public Filings Summary**

The following data includes both open and closed filings found in D&B's database on this company

Record Type	No. of Records	Most Recent Filing Date
Judgment	0	
Lien	0	
Suit	1	06/09/2003
UCC	24	05/09/2014

Public Filings

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

Full Filings**Suits**

Amount	\$150	DOCKET NO.	82D060306SC04931
Status	Pending	Status Attained	06/09/2003
Where Filed	VANDERBURGH COUNTY SUPERIOR COURT, EVANSVILLE, IN	Date Filed	06/09/2003



Decide with Confidence

Plaintiff	NITA TROTT	Collected Date	07/30/2003
Defendant	AMERIQUAL PACKAGING, EVANSVILLE, IN		
Cause	Debt, non-payment		
UCC Filings			
Collateral	All Assets	Latest Info Received	04/13/2011
Filing No.	1100002649560	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	03/28/2011
Secured Party	ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL		
Debtor	THERMO PAC, LLC		
Filing No.	1100009745685	Latest Info Received	11/28/2011
Original UCC Filed Date	03/28/2011	Type	Amendment
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	11/09/2011
Secured Party	ALLY COMMERCIAL FINANCE LLC, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL	Original Filing No.	1100002649560
Debtor	THERMO PAC, LLC		
Filing No.	1400000010351	Latest Info Received	01/07/2014
Original UCC Filed Date	03/28/2011	Type	Amendment
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	12/31/2013
Secured Party	ALLY COMMERCIAL FINANCE LLC, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL	Original Filing No.	1100002649560
Debtor	THERMO PAC, LLC		
Filing No.	1400003700421	Latest Info Received	05/13/2014
Original UCC Filed Date	03/28/2011	Type	Amendment
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	05/08/2014
Secured Party	ALLY BANK, AS AGENT, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL	Original Filing No.	1100002649560
Debtor	THERMO PAC, LLC		
Collateral	All Assets	Latest Info Received	04/13/2005
Filing No.	0500002923558	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	03/31/2005
Secured Party	GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY		
Debtor	AMERIQUAL FINANCE CORP.		
Filing No.	0900008363427	Latest Info Received	10/26/2009
Original UCC Filed Date	03/31/2005	Type	Continuation
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	10/20/2009
Secured Party	GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY	Original Filing No.	0500002923558
Debtor	AMERIQUAL FINANCE CORP.		
Filing No.	1100002650269	Latest Info Received	04/13/2011
Original UCC Filed Date	03/31/2005	Type	Amendment
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	03/28/2011



Decide with Confidence

Secured Party	ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY	Original Filing No.	0500002923558
Debtor	AMERICAL FINANCE CORP.		
Filing No.	1100008807148	Latest Info Received	10/26/2011
Original UCC Filed Date	03/31/2005	Type	Amendment
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	10/12/2011
Secured Party	ALLY COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY	Original Filing No.	0500002923558
Debtor	AMERICAL FINANCE CORP.		
Filing No.	1400003809976	Latest Info Received	05/27/2014
Original UCC Filed Date	03/31/2005	Type	Amendment
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	05/09/2014
Secured Party	ALLY BANK, AS AGENT, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY	Original Filing No.	0500002923558
Debtor	AMERICAL FINANCE CORP.		
Collateral	All Assets	Latest Info Received	04/13/2005
Filing No.	0500002922648	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	03/31/2005
Secured Party	GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY		
Debtor	AMERICAL GROUP, LLC		
Filing No.	0900008383194	Latest Info Received	10/26/2009
Original UCC Filed Date	03/31/2005	Type	Continuation
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	10/20/2009
Secured Party	GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY	Original Filing No.	0500002922648
Debtor	AMERICAL GROUP, LLC		
Filing No.	1100002650047	Latest Info Received	04/13/2011
Original UCC Filed Date	03/31/2005	Type	Amendment
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	03/28/2011
Secured Party	ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY	Original Filing No.	0500002922648
Debtor	AMERICAL GROUP, LLC		
Filing No.	1100008807360	Latest Info Received	10/26/2011
Original UCC Filed Date	03/31/2005	Type	Amendment
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	10/12/2011
Secured Party	ALLY COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY	Original Filing No.	0500002922648
Debtor	AMERICAL GROUP, LLC		



Decide with Confidence

Filing No.	1400003809865	Latest Info Received	05/27/2014
Original UCC Filed Date	03/31/2005	Type	Amendment
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	05/09/2014
Secured Party	ALLY BANK, AS AGENT, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY ALLY COMMERCIAL FINANCE LLC, AS AGENT, CHICAGO, IL GMAC COMMERCIAL FINANCE LLC, AS AGENT, NEW YORK, NY	Original Filing No.	0500002922648
Debtor	AMERICAL GROUP, LLC		
Collateral	Leased Equipment	Latest Info Received	02/16/2007
Filing No.	0700000985021	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	01/30/2007
Secured Party	FIFTH THIRD BANK, A MICHIGAN BANKING CORPORATION, EVANSVILLE, IN		
Debtor	AMERICAL GROUP, LLC		
Collateral	Inventory including proceeds and products - Account(s) including proceeds and products - Chattel paper including proceeds and products - General intangibles(s) including proceeds and products - and OTHERS	Latest Info Received	08/21/2007
Filing No.	0700007575225	Type	Amendment
Original UCC Filed Date	01/30/2007	Date Filed	08/13/2007
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Original Filing No.	0700000985021
Secured Party	FIFTH THIRD BANK, A MICHIGAN BANKING CORPORATION, EVANSVILLE, IN		
Debtor	AMERICAL GROUP, LLC		
Filing No.	1100007182628	Latest Info Received	09/01/2011
Original UCC Filed Date	01/30/2007	Type	Continuation
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	08/19/2011
Secured Party	FIFTH THIRD BANK, A MICHIGAN BANKING CORPORATION, EVANSVILLE, IN	Original Filing No.	0700000985021
Debtor	AMERICAL GROUP, LLC		
Collateral	Accounts receivable and proceeds - Account(s) and proceeds - General intangibles(s) and proceeds - Chattel paper and proceeds	Latest Info Received	11/25/2013
Filing No.	1300010399159	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	11/21/2013
Secured Party	CITIZENS BANK OF PENNSYLVANIA, BOSTON, MA		
Debtor	THERMO PAC, LLC		
Collateral	Account(s) including proceeds and products - Chattel paper including proceeds and products - General intangibles(s) including proceeds and products - Leased Fixtures including proceeds and products - Leased Equipment including proceeds and products	Latest Info Received	06/26/2012
Filing No.	1200005458128	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	06/12/2012
Secured Party	FIFTH THIRD BANK, CINCINNATI, OH		
Debtor	AMERICAL GROUP, LLC		
Collateral	Equipment and proceeds	Latest Info Received	04/16/2012
Filing No.	1200003428739	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN		



Decide with Confidence

Secured Party	WELLS FARGO BANK, N.A., LINCOLNSHIRE, IL	Date Filed	04/13/2012
Debtor	AMERICAL GROUP, LLC		
Collateral	Leased Business machinery/equipment including proceeds and products	Latest Info Received	01/24/2012
Filing No.	1200000381259	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	01/13/2012
Secured Party	IKON FINANCIAL SVCS, MACON, GA		
Debtor	AMERICAL GROUP, LLC		
Collateral	Leased Equipment including proceeds and products	Latest Info Received	06/19/2007
Filing No.	0700005437735	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Date Filed	06/06/2007
Secured Party	IOS CAPITAL, MACON, GA		
Debtor	AMERICAL GROUP LLC		
Filing No.	1300007300026	Latest Info Received	08/12/2013
Where Filed	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN	Type	Original
Secured Party	WELLS FARGO BANK, N.A., LINCOLNSHIRE, IL	Date Filed	08/08/2013
Debtor	AMERICAL GROUP, LLC		

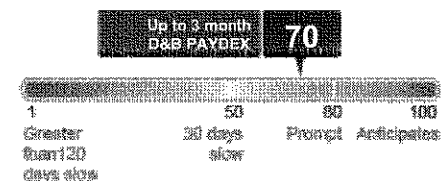
The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed. Additional UCC and SLJ filings for this company can be found by conducting a more detailed search in our Public Records Database.

Paydex

D&B PAYDEX®

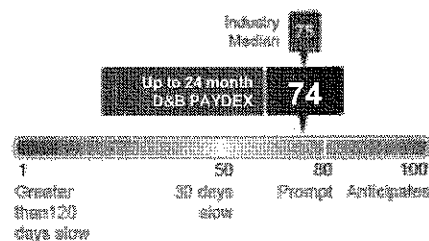
Shows the D&B PAYDEX scores as calculated up to 3 months and up to 24 months of payment experiences.

Up to 3 month D&B PAYDEX



When weighted by dollar amount, payments to suppliers average 15 Days Beyond Terms. Based on payments collected over last 3 months.

Up to 24 month D&B PAYDEX



When weighted by dollar amount, payments to suppliers average 9 days beyond terms. Based on payments collected up to 24 months.

When weighted by dollar amount, the industry average is 8 DAYS BEYOND terms.

☒ High risk of late payment (average 30 to 120 days beyond terms)

☐ Medium risk of late payment (average 30 days or less beyond terms)

☒ Low risk of late payment (average prompt to 30+ days sooner)

Payment Trend	unchanged*	Total Payment Experiences for the HQ	127	Highest Now Owing	\$500,000
Payments Within Terms	83%	Total Placed for Collection	0	Highest Past Due	\$200,000
Average High Credit	\$32,743	Largest High Credit	\$600,000		

* compared to payments three months ago

Payment Summary

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

There are 127 payment experiences in D&B's file, with 91 experiences reported during the last three month period. The highest Now Owes on file is \$500,000. The highest Past Due on file is \$200,000.



Decide with Confidence

Top 10 Industries

Industries	Total Received	Total Amounts	Largest High Credit	Within Terms (%)	Days Slow (%)			
					0-30	31-60	61-90	90+
Nonclassified	7	\$669,800	\$600,000	5	50	45	0	0
Mfg food preparations	4	277,500	250,000	100	0	0	0	0
Arrange cargo transpt	4	157,500	100,000	98	2	0	0	0
Mfg canned fruit/veg	3	855,000	600,000	100	0	0	0	0
Paper mill	3	390,000	250,000	92	8	0	0	0
Meat packing plant	3	275,000	200,000	100	0	0	0	0
Mfg canned seafood	1	200,000	200,000	100	0	0	0	0
Mfg cocoa products	1	100,000	100,000	50	50	0	0	0
Whol grain/field bean	1	100,000	100,000	50	50	0	0	0
Mfg organic chemicals	1	95,000	95,000	50	50	0	0	0
OTHER INDUSTRIES	85	514,750	65,000	79	19	1	0	1

Other Payment Categories

Category	Total Received	Total Dollar Amounts	Largest High Credit
Cash Experiences	10	\$1,150	\$250
Payment record unknown	3	506,000	500,000
Unfavorable comments	1	2,500	2,500
Placed for Collection	0	0	0

Detailed Payment History

Date Reported	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last Sale within(months)
September 2014	Ppt	\$7,500	\$0	\$0	N/A	1
	Ppt	50	50	0	N/A	1
	Ppt-Slow 30	100,000	65,000	10,000	N/A	1
August 2014	Ppt	250,000	85,000	0	N/A	1
	Ppt	200,000	40,000	0	N/A	1
	Ppt	65,000	65,000	0	N/A	4-5
	Ppt	60,000	1,000	0	N30	1
	Ppt	55,000	0	0	N/A	6-12
	Ppt	40,000	30,000	0	N/A	1
	Ppt	35,000	2,500	0	N/A	1
	Ppt	15,000	7,500	0	N/A	1
	Ppt	10,000	0	0	N/A	6-12
	Ppt	10,000	2,500	0	N10	1
	Ppt	7,500	2,500	0	N/A	1
	Ppt	7,500	7,500	2,500	Lease Agreeemnt	1
	Ppt	7,500	1,000	0	N/A	1
	Ppt	5,000	0	0	N/A	1
	Ppt	5,000	2,500	0	N/A	1
	Ppt	2,500	2,500	0	N/A	1
	Ppt	2,500	2,500	0	N60	1
	Ppt	2,500	2,500	0	N/A	1



Decide with Confidence

	Ppt	2,500	2,500	0	N30	1
	Ppt	2,500	2,500	0	N/A	1
	Ppt	2,500	750	0	N/A	1
	Ppt	2,500	2,500	0	N/A	1
	Ppt	2,500	0	0	N/A	4-5
	Ppt	1,000	0	0	N/A	2-3
	Ppt	1,000	0	0	N30	1
	Ppt	1,000	250	0	N/A	1
	Ppt	1,000	1,000	0	N/A	1
	Ppt	1,000	0	0	N/A	6-12
	Ppt	1,000	50	0	Lease Agreement	
	Ppt	1,000	1,000	0	N/A	1
	Ppt	1,000	750	0	N30	1
	Ppt	1,000	1,000	0	N/A	1
	Ppt	750	0	0	N/A	4-5
	Ppt	750	0	0	N/A	6-12
	Ppt	500	500	0	N/A	1
	Ppt	250	0	0	N/A	6-12
	Ppt	250	100	0	N/A	1
	Ppt	250	0	0	N/A	4-5
	Ppt	100	0	0	N/A	6-12
	Ppt	100	0	0	N30	6-12
	Ppt	100	100	0	N30	1
	Ppt-Slow 15	95,000	2,500	0	N/A	1
	Ppt-Slow 30	60,000	30,000	0	N/A	1
	Ppt-Slow 30	7,500	7,500	0	N/A	1
	Ppt-Slow 30	7,500	7,500	5,000	N/A	1
	Ppt-Slow 30	1,000	1,000	750	N/A	1
	Ppt-Slow 30	250	250	250	N/A	1
	Ppt-Slow 60	250	0	0	N/A	1
	Slow 30	7,500	0	0	N/A	6-12
	Slow 30	2,500	0	0	N/A	6-12
	Slow 30	100	0	0	N/A	2-3
	Slow 30-60	1,000	0	0	N/A	6-12
	(056) Unsatisfactory	2,500	100	0	N/A	1
	(057) Cash own option	250	250	0	N/A	6-12
July 2014	Ppt	250,000	200,000	0	N/A	1
	Ppt	15,000	7,500	0	N/A	1
	Ppt	2,500	250	0	N/A	1
	Ppt	2,500	0	0	N/A	6-12
	Ppt	2,500	50	0	N/A	6-12
	Ppt	1,000	250	0	N/A	6-12
	Ppt	1,000	1,000	0	N/A	1
	Ppt	1,000	1,000	0	N/A	1
	Ppt	1,000	1,000	0	N/A	1
	Ppt	1,000	0	0	N/A	6-12
	Ppt	500	0	0	N/A	2-3
	Ppt	500	0	0	N/A	6-12
	Ppt-Slow 60	250	0	0	N/A	1



Decide with Confidence

	Slow 30	55,000	500	500	N/A	
	Slow 30	1,000	0	0	N/A	2-3
June 2014	Ppt	2,500	0	0	N30	2-3
	Ppt	2,500	0	0	N30	2-3
May 2014	Slow 110	5,000	5,000	5,000	N/A	
February 2014	Ppt	600,000	2,500	0	N/A	1
December 2013	Slow 15-30	15,000	7,500	7,500	N/A	2-3
October 2013	Ppt	200,000	0	0	N/A	6-12
August 2013	Ppt	35,000	0	0	N/A	6-12
April 2013	Slow 30	100	0	0	Lease Agreement	6-12

Lines shown in red are 30 or more days beyond terms

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.



AmeriQual Group, LLC
and Subsidiaries

Consolidated Financial Report
December 31, 2012

Contents

Independent Auditor's Report on the Financial Statements	1 – 2
Financial Statements	
Consolidated balance sheets	3
Consolidated statements of income	4
Consolidated statements of changes in members' equity (deficit)	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7 – 24
Independent Auditor's Report on the Supplementary Information	25
Supplementary Information	
Consolidating balance sheet	26
Consolidating statement of income	27



Independent Auditor's Report

To the Board of Directors of
AmeriQual Management, Inc.
and the Members
AmeriQual Group, LLC
Evansville, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of AmeriQual Group, LLC and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of income, changes in members' equity (deficit) and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AmeriQual Group, LLC and its subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Peoria, Illinois
March 21, 2013

AmeriQual Group, LLC and Subsidiaries

Consolidated Balance Sheets

December 31, 2012 and 2011

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 15,216	\$ 5,133,369
Trade receivables, net of allowances 2012 and 2011 \$125,000	14,446,897	7,894,702
Inventories	30,862,182	23,950,113
Prepaid expenses and other	1,034,482	2,458,154
Total current assets	46,358,777	39,436,338
Property and equipment, net	25,682,187	25,985,242
Goodwill	11,379,194	11,379,194
Other intangible and other assets	6,858,181	7,958,716
	\$ 90,278,339	\$ 84,759,490
Liabilities and Members' Equity (Deficit)		
Current liabilities		
Excess of outstanding checks over bank balance	\$ 4,422,384	\$ -
Accounts payable	10,090,407	4,997,320
Current maturities of long-term debt	962,500	3,250,000
Accrued expenses	5,567,564	5,779,037
Total current liabilities	21,042,855	14,026,357
Long-term debt, less current maturities	76,875,000	83,125,000
Total liabilities	97,917,855	97,151,357
Commitments and contingencies (Notes 9, 12, and 13)		
Members' equity (deficit)	(7,639,516)	(12,391,867)
	\$ 90,278,339	\$ 84,759,490

See Notes to Consolidated Financial Statements.

AmeriQual Group, LLC and Subsidiaries

Consolidated Statements of Income
Years Ended December 31, 2012 and 2011

	2012	2011
Product sales, net	\$ 240,409,408	\$ 267,127,189
Cost of sales	214,312,339	240,154,956
Gross profit	26,097,069	26,972,233
Selling, general and administrative expenses	12,494,168	13,396,570
Operating income	13,602,901	13,575,663
Other income (expense):		
Interest income	2,833	4,080
Interest expense	(6,981,759)	(8,976,425)
Debt extinguishment loss	-	(4,112)
Product recall, net of insurance recoveries	65,982	(910,412)
Other	(8,713)	(6,724)
	(6,921,657)	(9,893,593)
Net income	\$ 6,681,244	\$ 3,682,070

See Notes to Consolidated Financial Statements.

AmeriQual Group, LLC and Subsidiaries

**Consolidated Statements of Changes in Members' Equity (Deficit)
Years Ended December 31, 2012 and 2011**

Balance (deficit), December 31, 2010	\$ (13,789,742)
Net income	3,682,070
Redemption of 56,574 non-voting membership units	(15,000)
Additional paid-in capital for equity-based compensation	116,822
Cash distributions	<u>(2,386,017)</u>
Balance (deficit), December 31, 2011	(12,391,867)
Net income	6,681,244
Additional paid-in capital for equity-based compensation	97,213
Cash distributions	<u>(2,026,106)</u>
Balance (deficit), December 31, 2012	<u>\$ (7,639,516)</u>

See Notes to Consolidated Financial Statements.

AmeriQual Group, LLC and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Net income	\$ 6,681,244	\$ 3,682,070
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	5,663,659	6,712,592
Loss on debt extinguishment	-	4,112
Net loss on disposal of property and equipment	8,713	6,724
Equity-based compensation expense	97,213	116,822
Changes in assets and liabilities		
Decrease (increase) in:		
Trade receivables	(6,552,195)	3,037,820
Inventories	(6,912,069)	(497,383)
Prepaid expenses and other current assets	1,423,672	(1,694,908)
Increase (decrease) in:		
Accounts payable	5,093,087	1,028,849
Accrued expenses	(211,473)	(933,843)
Net cash provided by operating activities	5,291,851	11,462,855
Cash Flows from Investing Activities		
Purchase of property and equipment	(4,268,782)	(3,635,354)
Net cash used in investing activities	(4,268,782)	(3,635,354)
Cash Flows from Financing Activities		
Increase (decrease) in excess of outstanding checks over bank balance	4,422,384	(221,982)
Net proceeds from (payments on) revolving credit facilities	(3,000,000)	2,200,000
Proceeds from borrowings on term loans	-	85,000,000
Principal payments on term loans	(5,537,500)	(5,425,000)
Redemption of and principal payments on senior secured notes	-	(85,095,000)
Debt issue costs	-	(3,766,608)
Redemption of non-voting membership units	-	(15,000)
Cash distributions paid	(2,026,106)	(2,386,017)
Net cash used in financing activities	(6,141,222)	(9,709,607)
Net decrease in cash and cash equivalents	(5,118,153)	(1,882,106)
Cash and cash equivalents:		
Beginning	5,133,369	7,015,475
Ending	\$ 15,216	\$ 5,133,369
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ 7,218,268	\$ 8,487,904

See Notes to Consolidated Financial Statements.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: Headquartered in Evansville, Indiana, AmeriQual Group, LLC (AQG), together with its wholly-owned subsidiaries, Thermo Pac, LLC (TP) and AmeriQual Finance Corp. (FinCo), collectively, the "Company," is a leading provider of Meals, Ready to Eat (MREs) and other food products to the U.S. Department of Defense. In addition, the Company sells thermal processed and high-pressure processed, shelf-stable and refrigerated food to large commercial branded food companies, non-governmental relief organizations and governmental agencies. The Company has three reportable business segments consisting of: AQG's food processing (AmeriQual Foods) and assembly (AmeriQual Packaging) divisions and TP. FinCo was formed in March 2005 as a special purpose finance entity for the purpose of being a co-issuer on senior secured notes issued and has no operations or net assets.

A summary of the Company's significant accounting policies follows:

Use of estimates in the preparation of financial statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of consolidation: The consolidated financial statements include the accounts of AQG and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash and cash equivalents: For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Member assets and liabilities: In accordance with the generally accepted method of presenting limited liability company (LLC) financial statements, the financial statements do not include the assets and liabilities of AQG's members, including their obligations for income taxes on their distributive shares of the net income of AQG, nor any provision for income tax expense.

Trade receivables: Trade accounts receivable are carried at original invoice amount less an estimate for uncollectible accounts receivable. The Company performs ongoing credit evaluation of its customers and provisions are made for estimated uncollectible trade accounts receivable. Each month, management determines the allowance for doubtful accounts by regularly evaluating individual customer's receivables and considering a customer's financial condition, credit history and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

The Company generally does not charge interest on past-due amounts or require collateral on trade receivables.

Concentration of credit risk: Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and receivables. At times, cash in banks is in excess of the FDIC insurance limit. The Company has not experienced any loss as a result of those deposits and does not expect any in the future. The Company's trade receivables are concentrated with one significant customer.

Inventories: Inventories are stated at the lower of cost or market, with cost being determined by the first-in, first-out (FIFO) average cost method. Costs included in inventories consist of materials, labor and fixed and variable manufacturing overhead which are related to the purchase and production of inventories, including production machine parts.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are stated at cost. Depreciation is generally computed on a straight-line basis over the following estimated useful lives:

	Years
Land improvements	15
Buildings	10 - 40
Machinery and equipment	3 - 7
Office equipment, software, furniture and fixtures	3 - 7

Amortization of leasehold improvements is on the straight-line method over the lesser of the lease term or the life of the improvement.

Construction and equipment installations in progress primarily represent building additions and/or production equipment installations. Such assets are not depreciated until they are placed in service.

Goodwill, other intangible and other assets: Goodwill represents the excess of the cost of business acquisitions over the fair value of identifiable net assets acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead reviewed for impairment at least annually, as well as when an event triggering impairment may have occurred. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The impairment determination for goodwill is made using a two-step process by comparing the carrying value of each reporting unit to its fair value. The first step tests for impairment, while the second step, if necessary, measures the impairment. An impairment loss is recognized to the extent that the carrying amount exceeds its implied fair value. The Company has elected to perform its annual analysis as of December 31 of each fiscal year. The TP reporting unit narrowly passed the first step of the 2012 impairment determination for goodwill and, as a result, there is a significant risk of impairment loss recognition in the year ending December 31, 2013, if TP's projected net sales and gross profit increases are not able to be achieved as projected by the Company's management. The carrying amount of TP reporting unit goodwill, included as a component of goodwill in the accompanying consolidated balance sheets, was approximately \$2.6 million as of December 31, 2012 and 2011. No impairment loss was recognized by the Company for the years ended December 31, 2012 and 2011.

Customer relationships are amortized on a straight-line basis over estimated useful lives of 10 to 20 years, depending on the customer's industry. The noncompete agreement is amortized on a straight-line basis over the term of the related agreement, 3 years. The trademark license agreement is amortized on a straight-line basis over the term of the related agreement, 20 years.

The trademark acquired is an indefinite-lived intangible asset and is not amortized until the useful life is determined to be no longer indefinite.

Debt issue costs are amortized over the average term of the related credit agreement using the effective interest method, with amortization included in interest expense. Debt issue costs associated with debt extinguishment prior to maturity are expensed.

Impairment of long-lived assets: The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are impaired, the impairment is recognized as the amount by which the carrying amount exceeds the estimated future discounted cash flows. Assets to be sold are reported at the lower of the carrying amount or the fair value less costs to sell.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Deferred revenue: The Company, in certain transactions, bills customers prior to shipment, and revenues applicable to such billings are deferred until the product is shipped.

Product liability: Accruals for product liability claims are recorded, on an undiscounted basis, when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information and are adjusted periodically as additional information becomes available. The Company purchases certain liability, umbrella and product contamination and recall insurance from third-party insurance carriers. Receivables for insurance recoveries related to claims are recorded on an undiscounted basis, when it is probable that a recovery will be realized.

Income taxes: AQQ and TP file combined federal and state income tax returns as a single LLC. TP, as a single member LLC, is not recognized by the taxing authorities as a separate reporting entity. An LLC is taxed under sections of the federal and state income tax laws, which provide that the members separately account for their pro rata shares of the LLC's items of income, deductions, losses and credits. Therefore, these statements do not include any provision or liability for income taxes applicable to AQQ and TP.

FinCo is a corporation subject to income taxes and files its own separate income tax returns. There were no income taxes applicable to FinCo from its formation to December 31, 2012.

Uncertainty in income taxes accounting guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2009.

Member distributions: Member distributions are reported as a reduction of members' equity when declared by the Board of Directors of the General Manager of AQQ. The Company intends to declare distributions to assist the members in paying personal income taxes on the income of the Company. No provision has been made in the accompanying consolidated financial statements for any amounts which may be declared as distributions subsequent to December 31, 2012.

Revenue recognition: The Company recognizes revenue from product sales when each of the following conditions have been met: an arrangement exists, shipment has been made under terms F.O.B. shipping point and collectability is reasonably assured, which is generally upon shipment. The Company records estimated discounts in the same period revenue is recognized based on historical experience.

Shipping and handling costs: Shipping and handling costs are included in cost of sales.

Legal costs associated with loss contingencies: Legal costs associated with loss contingencies are expensed as incurred.

Equity-based compensation: For equity-based awards, compensation expense is measured at the grant date, based upon the fair value of the award, calculated using the Black-Scholes option pricing model and recognized as a component of cost of goods sold and/or selling, general and administrative expense over the awards vesting periods.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements: Delayed adoption of accounting standard: In May 2003, the Financial Accounting Standards Board (FASB) issued accounting guidance that requires that certain freestanding financial instruments be reported as liabilities in the balance sheet. Depending on the type of financial instrument, it will be accounted for at either fair value or the present value of future cash flows determined at each balance sheet date with the change in that value reported as interest expense in the income statement. Prior to the applicable FASB issued accounting guidance, either those financial instruments were not required to be recognized, or if recognized, were reported in the balance sheet as equity and changes in the value of those instruments were normally not recognized in net income. The FASB has delayed indefinitely the effective date of this accounting guidance.

In December 2010, the FASB issued amended accounting guidance relating to the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units with zero or negative carrying amounts, an entity is required to perform "Step Two" of the goodwill impairment test if it is more-likely-than-not that a goodwill impairment exists. In determining whether it is more-likely-than-not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The accounting guidance is effective for fiscal years beginning after December 15, 2011, and was adopted by the Company effective January 1, 2012, and did not have any effect on the Company's consolidated financial statements.

In May 2011, the FASB issued updated accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between U.S. GAAP and International Financial Reporting Standards. This guidance includes amendments that clarify the application of existing fair value measurement requirements, in addition to other amendments that change principles or requirements for measuring fair value and for disclosing information about fair value measurements. The accounting guidance is effective for annual periods beginning after December 15, 2011, and was adopted by the Company effective January 1, 2012, and did not have a material effect on the Company's consolidated financial statements.

In July 2012, the FASB issued guidance to amend and simplify the rules related to testing indefinite-lived intangible assets for impairment. The revised guidance permits an entity to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more-likely-than-not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more-likely-than-not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount in accordance with current guidance. These amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this guidance is not expected to have a material effect on the Company's consolidated financial statements.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Inventories

A summary of inventories as of December 31, 2012 and 2011, is as follows:

	2012	2011
Raw materials	\$ 18,450,259	\$ 16,860,720
Work in process	2,061,501	1,374,188
Finished goods	7,756,844	3,347,561
Parts	2,593,578	2,367,644
	<u>\$ 30,862,182</u>	<u>\$ 23,950,113</u>

Note 3. Property and Equipment

A summary of property and equipment as of December 31, 2012 and 2011, is as follows:

	2012	2011
Land and improvements	\$ 2,061,626	\$ 2,039,015
Buildings	12,656,839	12,656,839
Leasehold improvements	4,641,025	4,479,744
Machinery and equipment	54,689,766	51,322,577
Office equipment, software, furniture and fixtures	3,600,781	3,977,925
Construction and equipment installations in progress	437,574	1,378,995
	<u>78,087,611</u>	<u>75,855,095</u>
Less accumulated depreciation and amortization	<u>52,405,424</u>	<u>49,869,853</u>
	<u>\$ 25,682,187</u>	<u>\$ 25,985,242</u>

Approximately \$4,099,000 and \$3,986,000 of the leasehold improvements as of December 31, 2012 and 2011, respectively, were made to the AmeriQual Packaging facility which is being leased from a related party.

Depreciation expense on property and equipment for the years ended December 31, 2012 and 2011, was \$4,563,124 and \$5,116,614, respectively.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Other Intangible and Other Assets

Other intangible and other assets consisted of the following as of December 31, 2012 and 2011:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	2012		
Definite-lived, subject to amortization:			
Customer relationships	\$ 5,200,000	\$ 1,450,140	\$ 3,749,860
Noncompete agreement	330,000	330,000	-
Trademark license agreement	160,000	35,333	124,667
Debt issue costs	3,946,119	1,462,465	2,483,654
	9,636,119	3,277,938	6,358,181
Indefinite-lived:			
Trademark	500,000	-	500,000
	<u>\$ 10,136,119</u>	<u>\$ 3,277,938</u>	<u>\$ 6,858,181</u>
	2011		
Definite-lived, subject to amortization:			
Customer relationships	\$ 5,200,000	\$ 1,121,806	\$ 4,078,194
Noncompete agreement	330,000	330,000	-
Trademark license agreement	160,000	27,333	132,667
Debt issue costs	3,946,119	698,264	3,247,855
	9,636,119	2,177,403	7,458,716
Indefinite-lived:			
Trademark	500,000	-	500,000
	<u>\$ 10,136,119</u>	<u>\$ 2,177,403</u>	<u>\$ 7,958,716</u>

Amortization expense recognized on all definite-lived intangible and other assets totaled \$1,100,535 and \$1,675,090 for the years ended December 31, 2012 and 2011, respectively.

Estimated aggregate annual amortization expense on definite-lived intangible and other assets, in future years, is as follows:

Year Ending December 31,	Amount
2013	\$ 1,100,534
2014	1,100,534
2015	1,100,534
2016	527,383
2017	336,333
Thereafter	2,192,863
	<u>\$ 6,358,181</u>

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Accrued Expenses

Accrued expenses as of December 31, 2012 and 2011, are comprised of the following:

	2012	2011
Compensation	\$ 2,563,961	\$ 2,174,976
Self insurance	682,084	625,485
Real and personal property and payroll taxes	1,094,999	929,313
Interest	361,950	1,362,660
Product recall	583,122	633,365
Other	281,448	53,238
	<u>\$ 5,567,564</u>	<u>\$ 5,779,037</u>

Note 6. Pledged Assets, Current and Long-Term Debt and Debt Extinguishment

A summary of long-term debt as of December 31, 2012 and 2011, is as follows:

	2012	2011
Term Loans, terms as described below	\$ 77,837,500	\$ 83,375,000
Revolving loan facilities, due March 28, 2016, other terms as described below	-	3,000,000
	<u>77,837,500</u>	<u>86,375,000</u>
Less current maturities	<u>962,500</u>	<u>3,250,000</u>
Long-term portion	<u>\$ 76,875,000</u>	<u>\$ 83,125,000</u>

In January 2011, the Company entered into a private transaction to redeem and retire approximately \$10.0 million of its outstanding senior secured notes. The transaction was finalized at a purchase price of approximately \$10.3 million, consisting of approximately \$10.0 million of principal and \$0.3 million of accrued interest. The redemption transaction resulted in a debt extinguishment loss of approximately \$4,000. This loss included amortization of approximately \$79,000 in previously unamortized debt issue costs.

On March 28, 2011, the Company entered into an amended and restated loan and security agreement (the New Facility) with its current revolving loan facility lender (the Agent) and certain other participating lenders. In addition, proceeds of the New Facility were used to satisfy and discharge the Company's senior secured notes, repay its existing revolving loan facility, repay and terminate TP's existing loan facility, pay certain fees and transaction expenses related to the New Facility and provide working capital.

The New Facility expires March 28, 2016, or earlier as defined in the New Facility, and provides a maximum credit facility of \$120.0 million comprised of \$65.0 million in term loan A, \$20.0 million in term loan B (collectively, the Term Loans) and a \$35.0 million revolving loan facility. Term loans A and B are payable in quarterly principal installments of \$762,500 and \$50,000, respectively, from July 2011 to January 2016, with the entire unpaid balance of each loan due March 28, 2016. The Company prepaid three quarterly principal installments on term loan A in 2012. The outstanding term loan A and B balance was \$58,137,500 and \$19,700,000, respectively, as of December 31, 2012, and \$63,475,000 and \$19,900,000, respectively, as of December 31, 2011. The revolving loan facility includes a sub-facility for letters of credit, not to exceed \$5.0 million. There were no outstanding letters of credit as of December 31, 2012 and 2011.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Pledged Assets, Current and Long-Term Debt and Debt Extinguishment (Continued)

The Term Loans and the revolving loan facility bear interest at a base rate or a LIBOR rate, at the Company's discretion, plus a margin. Interest is payable monthly on all base rate loans and on the earlier of the last day of the applicable interest period or the quarterly interval during such interest period for LIBOR rate loans. As of December 31, 2012, the entire term loan A balance was at the LIBOR rate (an effective rate of 6.50%). As of December 31, 2012, \$19,600,000 of the term loan B was at the LIBOR rate (an effective rate of 9.00%) and \$100,000 was at the base rate (an effective rate of 9.75%). The Company is also required to pay a monthly unused revolving loan facility fee at the rate of 0.75% per annum, certain monthly letter of credit fees at the rate of 0.25% per annum and certain fees and expenses otherwise as defined in the New Facility.

Borrowings under the New Facility are collateralized by substantially all the assets of the Company.

The New Facility includes certain covenants that generally restrict the Company's ability to change its business conducted, incur additional indebtedness, redeem equity interests or make other distributions (other than permitted tax distributions), make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate, and transfer or sell assets, in excess of defined amounts. In addition, the New Facility requires the Company to comply with certain financial covenants, including maximum total leverage and minimum fixed charge coverage ratios, calculated quarterly for the trailing twelve month period, and a limitation on annual capital expenditures.

The aggregate annual maturities on the Term Loans are subject to adjustment since the Company is required to make prepayments, within one hundred and twenty (120) days after each fiscal year-end in amounts equal to fifty percent (50%) of its excess cash flows, as defined in the New Facility. There were no excess cash flows for the year ended December 31, 2012, and therefore no accelerated maturities were applicable to 2013 maturities in the table below.

Aggregate annual maturities required on long-term debt are due in future years as follows:

	Amount
Year Ending December 31,	
2013	\$ 962,500
2014	3,250,000
2015	3,250,000
2016	70,375,000
	<u>\$ 77,837,500</u>

Prior to the refinancing transactions on March 28, 2011, AQG had a \$35 million revolving loan facility with the Agent and certain other participating lenders. Borrowings under the revolving credit facility had an effective interest rate of 6.50%. In addition to paying interest on outstanding principal under the revolving credit facility, the Company was required to pay a commitment fee to the lenders in respect of unutilized commitments there under at a rate from 0.50% to 1.00% per annum.

Prior to the refinancing transactions on March 28, 2011, the senior secured notes bore interest at 9.50% and were due April 1, 2012.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Pledged Assets, Current and Long-Term Debt and Debt Extinguishment (Continued)

Prior to the refinancing transactions on March 28, 2011, TP had a loan agreement with a bank that included a revolving loan facility and a term loan. The revolving loan facility provided for borrowings up to the lesser of \$3,500,000, or a borrowing base that consisted of the aggregate of certain percentages of eligible accounts receivable and inventories. Advances under the revolving loan facility bore interest at a rate equal to the 30-day LIBOR rate plus an applicable margin. As amended, the minimum effective interest rate on such revolving credit facility was 4.00%. The term loan was due in monthly principal installments of \$100,000 plus accrued interest with the entire unpaid balance due August 2011. The term loan bore interest at a rate equal to the 30-day LIBOR rate plus an applicable margin.

Note 7. Members' Deficit and Operating Agreement

Members' deficit: The Company's members' deficit is primarily the result of a leveraged recapitalization and other related transactions that occurred on March 31, 2005, and included payment of cash dividends to AQG's members, who were the sellers of approximately 50% of their voting and non-voting membership units to AQ Acquisition LLC (as a part of such transactions), that reduced members' equity by approximately \$110.8 million.

Authorized, issued and outstanding voting and non-voting membership units are summarized as follows as of December 31, 2012 and 2011:

	2012		2011	
	Authorized	Issued and Outstanding	Authorized	Issued and Outstanding
Voting units	45,200,000	45,200,000	45,200,000	45,200,000
Non-voting units	49,254,071 (a)	35,230,767	49,254,071 (a)	35,230,767

(a) 14,023,304 of these units were reserved for issuance upon the exercise of warrants (6,554,168 units), options (7,282,408 units) and unissued options (186,728 units).

Certain rights, features and/or terms of voting and non-voting units, warrants issued to AmeriQual Holding, Inc. (AQH) and AQG's Operating Agreement are summarized below:

Voting units' rights: In general, actions required by interest holders in respect to the business affairs of the Company may only be taken by holders of voting units and, in any event, actions require the approval of both AQ Acquisition LLC (which owned 50% of outstanding voting and total units as of December 31, 2012 and 2011) and AQH (which owned 50% of outstanding voting units and approximately 33% of outstanding total units as of December 31, 2012 and 2011). AQ Acquisition LLC is an affiliate of Ares Management LLC (Ares) and Ares Corporate Opportunities Fund, L.P. (ACOF).

Non-voting units conversion rights: In the event of an issuance of additional voting units after March 31, 2005, all holders of original non-voting units have a right to convert their original non-voting units into voting units such that one original non-voting unit may be converted for each newly issued voting unit until all such original non-voting units are converted.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Members' Deficit and Operating Agreement (Continued)

Warrants issued to AQH: AQG issued certain warrants to AQH that allow the holders to purchase non-voting units of AQG at exercise prices of \$2.17 or \$2.92. Warrants issued to AQH included 5,982,777 warrants, 50% of which have an exercise price of \$2.17 and 50% of which have an exercise price of \$2.92. All warrants issued to AQH were outstanding as of December 31, 2012 and 2011. Such warrants were 100% vested upon issue and are exercisable for a 10-year period from date of issue (an expiration date of March 31, 2015).

Operating agreement: AQG operates under a fourth amendment and restatement of its Operating Agreement (the AROA) with its members. The AROA defines, among other things, AQG's purpose and terms with its members including: initial capital accounts determination and maintenance thereafter, additional capital contributions of members, allocation of profits and losses, cash flow distributions and liquidation and dissolution distributions, transfer of ownership interests and withdrawals of members, voting and non-voting units issued and rights, deadlock resolution actions in the event of material disagreements among voting members, covenants with respect to transactions with affiliates, information rights, advisory fees and other, and General Manager powers, authority and governance. The term of the LLC shall continue perpetually, unless its existence is sooner terminated pursuant to terms as specified in the AROA.

Under the AROA, AmeriQual Management, Inc. (AMI) was designated to serve as the General Manager and as such controls substantially all significant governance matters decisions with respect to AQG. AMI is owned equally by AQH and an affiliate of Ares and AMI's Board of Directors is authorized to have eight directors with equal representation designated by AQH and the affiliate of Ares.

Certain provisions of the AROA with respect to withdrawals of membership unit holders are as follows:

Involuntary withdrawal of or termination of employee membership unit holder: Immediately upon the occurrence of an involuntary withdrawal of or the cessation of employment on a full-time basis in respect of an employee membership unit holder, AQG has the first option right, but not the obligation, to purchase all units of such affected employee member at its fair market value. In the event AQG decides not to purchase such units, then each of AQ Acquisition LLC and its affiliates and AQH have the second option right to purchase such units under the same terms as the first option.

First offer rights: At any time or from time to time, and prior to a qualified initial public offering (IPO), AQH and non-voting members may offer to sell all or part of their membership units and AQG has the first option right, but not the obligation, to purchase such units on detailed terms specified in an investor's notice. In the event AQG decides not to purchase such units, then AQ Acquisition LLC or any of its affiliates have the second option right to purchase such units on the same terms specified in the investor's notice. AQ Acquisition LLC may assign its right to purchase to another interest holder or a permitted transferee, at its sole option. These rights will not apply to transfers to a permitted transferee or transfers to which drag-along rights or liquidity rights are to be applied.

Tag-along rights: If, at any time or from time to time prior to an IPO, either (a) a proposed transfer of membership units by AQ Acquisition LLC or any of its affiliates to a third party or (b) a proposed transfer by AQH or any of its affiliates or by any other unit holder beneficially owning units representing 10% or more of all the outstanding units (on a fully diluted basis assuming exercise of warrants and options) of AQG, each other unit holder will have the right to participate in such sale on a pro rata basis and such other unit holders shall also have the right to participate on the same terms and conditions as granted to, provided to or purchased by the proposed transferor and its affiliates. These rights will not apply to transfers to a permitted transferee or transfers to which drag-along rights or liquidity rights are to be applied.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Members' Deficit and Operating Agreement (Continued)

Drag-along rights: If at any time, and prior to an IPO, AQ Acquisition LLC and its affiliates intend to effect a change of control, AQ Acquisition LLC and its affiliates shall have the right to require that all other holders of membership units participate with it on a pro rata basis in any bona fide transaction with a person that is not an affiliate (whether through a transfer of shares or a merger, consolidation or sale of assets) resulting in a change of control. To the extent the other unit holders participate as set forth above, such participation must be pro rata and on the same terms and conditions as granted to, provided to or purchased by AQ Acquisition LLC and its affiliates.

Liquidity rights: At any time after a deadlock event as defined, ACOF may cause AQG to effect an IPO or may initiate a process to realize value in whole or in part on a private basis, whether through the sale of units, a recapitalization or a sale to a third party of AQG as an entirety (in any such case, a Liquidity Event). ACOF can require that all other unit holders and the General Manager of AQG participate, and all unit holders and the General Manager of AQG shall be entitled to participate, in a Liquidity Event on a pro rata basis as necessary to achieve liquidity for their economic interests in AQG and on the same terms and conditions as granted to, provided to or purchased by AQ Acquisition LLC and its affiliates.

Note 8. Major Customer

Revenue for the years ended December 31, 2012 and 2011, includes revenue from product sales to the following major customer, together with the trade receivables due from such customer as of December 31, 2012 and 2011:

Customer	Product Sales, Net		Percent to Total Product Sales, Net	
	2012	2011	2012	2011
U.S. Government agencies	\$ 175,840,696	\$ 208,219,943	73.1%	77.9%

Information regarding trade receivables from the major customer is as follows:

Customer	Amount		Percent to Total Trade Receivables	
	2012	2011	2012	2011
U.S. Government agencies	\$ 9,949,448	68.9%	\$ 3,951,782	50.1%

The segment revenue breakdown from product sales to the major customer among the Company's reportable operating segments is as follows:

Customer	Product Sales, Net		Percent to Total Product Sales, Net	
	2012	2011	2012	2011
<i>AmeriQual Foods:</i>				
U.S. Government agencies	\$ 57,071,740	\$ 71,818,790	66.5%	72.2%
<i>AmeriQual Packaging:</i>				
U.S. Government agencies	\$ 109,071,735	\$ 124,303,503	92.3%	96.9%
<i>TP:</i>				
U.S. Government agencies	\$ 9,697,221	\$ 12,097,650	26.6%	30.7%

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Lease Commitments and Total Rent Expense

AQG leases the AmeriQual Packaging facility from AQ Real Estate, LLC (formerly known as The American Patriot Group, LLC), a related party whose members are owners of AQH, under a noncancelable agreement (inclusive of certain amendments) that expires December 2014. Under the lease terms, monthly rent payments required are approximately \$61,600. In addition to monthly rent, the Company is also responsible for substantially all executory costs applicable to the facility leased including insurance, maintenance, utilities and property taxes and is required to make all necessary repairs.

AQG has an option to extend the lease for an additional five-year period at inflation adjusted rent and an option to purchase the leased property through June 30, 2013, at fair market value.

AQG is also obligated, under other operating leases with unrelated parties, for certain warehouse facilities and equipment under noncancelable agreements that expire in various years through February 2017 and generally require minimum monthly rental amounts and certain warehouse facilities on a month-to-month basis.

TP leases operations facilities and equipment from various unrelated parties under operating leases that expire in various years through July 2018 and generally require minimum monthly rental amounts. In addition, certain leases also require the payment of property taxes, normal maintenance and insurance on the properties.

Total rental expense for the years ended December 31, 2012 and 2011, was approximately \$1,935,000 and \$1,957,000, respectively, inclusive of rental expense (and excluding executory costs) to the related party LLC of \$738,900 for each of the years ended December 31, 2012 and 2011.

The total approximate minimum rental commitment as of December 31, 2012, required under noncancelable leases, is due in future years as follows:

	Related Party	Unrelated Parties	Total
Year Ending December 31,			
2013	\$ 738,900	\$ 801,800	\$ 1,540,700
2014	738,900	748,800	1,487,700
2015	-	575,900	575,900
2016	-	103,700	103,700
2017	-	76,100	76,100
Thereafter	-	40,000	40,000
	<u>\$ 1,477,800</u>	<u>\$ 2,346,300</u>	<u>\$ 3,824,100</u>

Note 10. Defined Contribution Pension Plan

The Company participates in a defined contribution 401(k) pension plan offering substantially all employees a choice to elect to make contributions pursuant to salary reduction agreements upon attaining certain age and length-of-service requirements. Employees may participate by contributing up to a maximum of 60% of their salary, a portion of which is required to be matched by the Company. The Company matches a participant's elective salary deferrals at 100% of the first 3%, and 50% of the next 3% of a participant's compensation. The Company incurred matching contributions of approximately \$652,000 and \$561,000 for the years ended December 31, 2012 and 2011, respectively.

Note 11. Equity-Based Compensation Awards

AQG has an option plan (the Plan) that permits option holders the right to purchase its non-voting units. The Plan allows for grants of non-voting units of AQG up to a maximum of 7,469,136 units. The primary purpose of the Plan is to provide additional performance and retention incentives to key management employees by facilitating their purchase of non-voting units of AQG. The Plan is administered by the Board of Directors of the General Manager of AQG. Under the terms of the Plan, options may be granted to purchase non-voting units of AQG at exercise prices set on the date an option is granted and as determined by the Board of Directors of the General Manager of AQG. Exercise or purchase price per unit amounts are generally approved at or above the grant date estimated fair value per unit of AQG's members' equity. Awards issued under the Plan vest and become exercisable in five equal annual installments from the date of grant provided the employee is continuously employed by the employer through the applicable vesting date, subject to 100% acceleration of vesting upon a change of ownership control, as defined in the Plan. Options are generally exercisable for a 10-year period from date of grant.

AQG also issued warrants to AQH and certain non-voting members that allow the holders to purchase non-voting units of AQG at an exercise price of \$2.17 or \$2.92. Warrants issued to selected key employees and a non-employee who are also non-voting members meet the conditions for compensation awards and are included with options in the tables below. Warrants are 100% vested upon issue and exercisable for a 10-year period from date of issue (an expiration date of March 31, 2015).

AQG receives no monetary consideration for the granting of equity-based awards pursuant to the Plan or otherwise. However, it receives the option/warrant price for each non-voting unit issued to holders upon the exercise of the options/warrants.

The fair value of each award is estimated as a single award and amortized into compensation expense on a straight-line basis over its vesting period.

The Company estimates the fair value of all option awards and applicable warrants issued as of the grant date by applying the Black-Scholes option pricing model. The use of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense and include the expected life of the option/warrant, unit price volatility, risk-free interest rate, dividend yield, exercise price and forfeiture rate. Under FASB issued accounting guidance effective for awards issued or modified after December 31, 2005, forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. The forfeiture rate, which is estimated at a weighted average of 8% of unvested options outstanding, is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Equity-Based Compensation Awards (Continued)

A summary of options and applicable warrants at December 31, 2012 and 2011, and changes during the years then ended is as follows:

	2012		2011	
	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price
Outstanding at beginning of year	7,853,798	\$ 1.52	8,040,526	\$ 1.52
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	(186,728)	1.50
Expired	-	-	-	-
Outstanding at end of year	<u>7,853,798</u>	1.52	<u>7,853,798</u>	1.52
Exercisable at end of year	7,144,230	1.53	6,696,082	1.53
Unvested at end of year	709,568	1.50	1,157,716	1.50

There were 186,728 non-voting units available for future employee grants at December 31, 2012. The total compensation cost at December 31, 2012, related to non-vested awards not yet recognized was approximately \$82,000 with an average expense recognition period of approximately one year.

A further summary of equity-based compensation awards outstanding at December 31, 2012, was as follows:

	Options and Warrants Outstanding		Options and Warrants Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Remaining Contractual Life
Exercise Prices				
\$0.92	2,520,834	2.25	2,520,834	2.25
\$1.92	2,520,834	2.25	2,520,834	2.25
\$2.17	285,695	2.25	285,695	2.25
\$2.92	285,695	2.25	285,695	2.25
\$1.00	1,120,370	5.75	765,586	5.67
\$2.00	1,120,370	5.75	765,586	5.67
	<u>7,853,798</u>		<u>7,144,230</u>	

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 12. Related-Party Transactions

Aircraft Usage

The Company uses aircraft which are owned by other companies affiliated through common ownership. The Company incurred expenses to related parties for aircraft usage of none and approximately \$52,000 for the years ended December 31, 2012 and 2011, respectively.

Building Rent Expense

AQ Real Estate, LLC owns a building which is leased to AQG. Reference should be made to Note 9 to the consolidated financial statements for those lease arrangements, commitments and total rent expense applicable thereto.

Advisory Fees

AQG has certain agreements with AQH and an affiliate of Ares the terms of which require each party to provide advisory and consulting services to AQG for \$250,000 annually, payable quarterly in advance. The agreements expire March 31, 2015. As a result of said agreements, the Company incurred \$500,000 in advisory services expense for each of the years ended December 31, 2012 and 2011. The Company has future commitments as of December 31, 2012, under these agreements for \$500,000 annually for the years 2013 and 2014 and \$125,000 for the first quarter of the year 2015.

Note 13. Other Commitments and Contingencies

Commitments

In order to complete the equipment installations in progress, the Company was committed to vendors for equipment purchases of approximately \$232,000 as of December 31, 2012. These commitments are expected to be financed by cash flows from operating activities.

Contingencies, including legal proceedings and product liability matters

In May 2011, the U.S. Food and Drug Administration (FDA) first warned against using a food thickening agent sold under the product brand name SimplyThick (ST). TP is one of certain companies that manufacture ST for a product design, marketing and distribution company located in Missouri (the Customer). The FDA conducted an inspection of TP's manufacturing facilities located near Atlanta, GA from May 23 to June 3, 2011, and discovered that TP had failed to file with the FDA a scheduled process designed to ensure that vegetative cells of microorganisms (harmful bacteria) of possible public health significance are destroyed during the manufacturing process. Upon notification of the FDA observations, TP voluntarily ceased producing and shipping ST product and, on June 4, 2011, the Customer initiated a voluntary recall of ST manufactured by TP. Shortly after the FDA inspection observations were issued, TP issued responses to the FDA specifying that all applicable ST product (for which production had resumed after the voluntary recall) was produced following filed and accepted process parameters as accepted by the FDA. In June of 2012, TP ceased all manufacture of ST. In September of 2012, based on an extensive review of reports of health problems potentially tied to ST, the FDA updated its May 2011 warning regarding ST. The 2012 update (i) expanded FDA's recommendation against consumption of ST to include infants of any age (ii) reported that identified instances of a rare intestinal-tissue disease known as necrotizing enterocolitis (NEC) among children born at hospitals using the ST product had increased to twenty-two, including seven deaths and (iii) concluded that further study is warranted to establish if there is a link between NEC and ST and other thickening agents.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Other Commitments and Contingencies (Continued)

As of March 20, 2013, the Company has been served with notice of nine lawsuits relating to alleged damages resulting from the alleged consumption of ST. In addition it is presently believed that the Company is threatened with possible additional litigation, associated with approximately 14 to 20 additional named or unnamed plaintiffs purportedly represented by various law firms. In the case of the named plaintiffs in pending litigation we are aware of, the recovery sought includes money damages for personal injuries and/or death resulting from the consumption of claimed defective or tainted ST. The various legal theories and/or claims asserted against the Company include: (1) strict product liability - manufacturing defect; (2) strict product liability - failure to warn; (3) strict product liability - design defect; (4) negligence; (5) gross negligence; (6) breach of express and implied warranty; (7) negligent misrepresentation; (8) negligent infliction of emotional distress; (9) wrongful death; (10) Survival Act; (11) compensatory, punitive and/or unspecified damages; and (12) violation of various other state-specific consumer protection laws and/or statutes. The lawsuits and threatened litigation, in each case, name several of the following defendants: TP; AQQ; the Customer; the former owner and operator of the TP manufacturing facility; the third party distributors of ST; and the hospital medical providers (the Defendants).

The Company plans to contest all matters in controversy in each of the lawsuits and incidents of threatened litigation. The Company has taken steps to preserve any rights it may have for insurance recovery, for indemnification by other third parties or for contribution by other named Defendants. According to external legal counsel, based on their investigation through March 20, 2013, they (i) are not aware of any direct evidence that there was any bacterial contamination in any ST product manufactured or processed by the Company which was consumed by any of the minors in any of the cases presented through such date, and (ii) do not know whether there is any connection between an alleged bacterial contamination in the processing of ST and the subsequent onset of NEC. According to the Company's management and external legal counsel, they believe it is premature to evaluate the likelihood of a favorable or unfavorable outcome in any case alleging consumption of ST or to estimate the amount or range of potential loss in the event of an unfavorable outcome. Once discovery is completed, external legal counsel has indicated they will be in a better position to estimate the likelihood of success on the merits of the defense and/or the amount or range of potential loss, although it is generally not feasible to predict the ultimate outcome of litigation.

The damages amounts claimed in the pending lawsuits referred to above are significant, and other claims made or unknown claims that may be asserted in the future related to ST product liability matters may also be significant and, in the event of an unfavorable outcome, may have a material adverse effect on the Company's financial position, results of operations and cash flows.

The Company is involved in certain other legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such other proceedings and litigation will not materially affect the Company's financial position, results of operations or cash flows.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Other Commitments and Contingencies (Continued)

The Company self-insures a portion of the risks associated with medical expenses incurred by its employees and their dependents. The Company has secondary insurance coverage for individual claims in excess of \$100,000 and for aggregate annual claims exceeding an estimated contract maximum, approximately \$5.0 million for the policy year ending September 30, 2013. Claims are expensed as incurred. In establishing accruals for claims incurred and reported and estimates for claims incurred but not yet reported, the Company uses factors such as historical experience, known trends and third-party administrator estimates to determine the appropriate amounts to report as accrued liabilities. Changes in the perceived severity of unreported claims, significant changes in medical costs and legislative changes affecting the administration of the Company's plan could significantly impact the determination of appropriate accruals. Amounts charged to expense for such claims were approximately \$4,136,000 and \$4,297,000 for the years ended December 31, 2012 and 2011, respectively.

A loss or substantial negative revision of any U.S. Government sales contract could adversely affect the Company's results of operations and cash flows and a loss or substantial negative revision to the Company's MRE assembly or Unitized Group Rations-A contracts would have a material adverse consequence to the Company's results of operations and cash flows.

In November 2011, the Company was awarded a new MRE contract that expires in November 2016. To date the U.S. Government (Department of Defense), through its Defense Logistics Agency - Troop Support (DLATS), has issued delivery orders for minimum contract quantities for calendar year 2013. The new MRE contract requires annual re-pricing in conjunction with the allocation of delivery orders for the calendar year minimum contract quantities.

Note 14. Segment Information

The Company's three reportable segments offer different products and services and consist of AmeriQual Foods (Foods), AmeriQual Packaging (Packaging) and TP. The Foods segment processes (i) shelf stable food products in microwavable bowls, trays and pouches which are sold to commercial customers, (ii) shelf stable pouches which are sold to the Packaging segment, (iii) high-pressure processed food products which are sold to commercial customers and (iv) perishable UGR-A modules which are sold to a governmental customer. The Packaging segment assembles food and other products into packages which are primarily sold to governmental, non-governmental relief organization and commercial customers. The TP segment processes shelf stable food products in cups and pouches that are sold to commercial customers, a governmental customer and to the Packaging segment. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Inter-segment transactions have been eliminated.

Inter-segment transactions are recorded at prices typically consistent with sales prices to external customers.

The Company evaluates segment profit based on operating income.

The Company's two main product lines are military rations and commercial branded products. For the years ended December 31, 2012 and 2011, approximately 71% and 73%, respectively, of the Company's net product sales were military products and the remainder was commercial products.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 14. Segment Information (Continued)

The Company's sales by product line for the years ended December 31, 2012 and 2011, are as follows:

	2012	2011
Military products	\$ 169,823,458	\$ 194,053,754
Commercial products	70,585,950	73,073,435
	<u>\$ 240,409,408</u>	<u>\$ 267,127,189</u>

Reportable operating segment financial information as of or for the years ended December 31, 2012 and 2011, is as follows:

Operating Segments	Product Sales, net	Inter-segment Revenue	Operating Income (Loss)	Depreciation/Amortization	Total Assets	Capital Expenditures
AmeriQual Foods						
2012	\$ 85,834,454	\$ 31,827,691	\$ 633,112	\$ 3,929,187	\$ 54,665,922	\$ 3,476,668
2011	99,447,297	33,950,641	(1,407,934)	4,783,880	54,941,444	1,834,764
AmeriQual Packaging						
2012	118,118,363	-	15,857,621	626,150	135,809,464	205,334
2011	128,243,192	-	17,339,300	850,348	115,856,611	142,149
TP						
2012	36,456,591	2,480,009	(3,027,144)	1,108,322	17,505,889	586,780
2011	39,436,700	3,314,116	(2,370,977)	1,157,476	19,721,880	1,658,441
Eliminations						
2012	-	(34,307,700)	139,312	-	(117,702,936)	-
2011	-	(37,264,757)	15,274	-	(105,760,445)	-
Total Company						
2012	240,409,408	-	13,602,901	5,663,659	90,278,339	4,268,782
2011	267,127,189	-	13,575,663	6,791,704	84,759,490	3,635,354

Note 15. Fair Value Disclosures

The carrying amounts of financial instruments, including trade receivables and accounts payable are estimated to approximate fair value due to the short maturity of these instruments. The carrying value of term loans and revolving loan facilities debt is estimated to approximate fair value because the interest rates fluctuate with market rates or are based on estimated current rates offered to the Company for debt with similar terms and maturities.

As of December 31, 2012 and 2011, the Company did not have any financial or non-financial assets or liabilities that were reported at fair value.

Note 16. Subsequent Events

The Company has evaluated events occurring subsequent to December 31, 2012, as to their potential impact to the consolidated financial statements through March 21, 2013, which represents the date the consolidated financial statements were available to be issued.



**Independent Auditor's Report
on the Supplementary Information**

To the Board of Directors of
AmeriQual Management, Inc.
and the Members
AmeriQual Group, LLC
Evansville, Indiana

We have audited the consolidated financial statements of AmeriQual Group, LLC and its subsidiaries as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

McGladrey LLP

Peoria, Illinois
March 21, 2013

AmeriQual Group, LLC and Subsidiaries

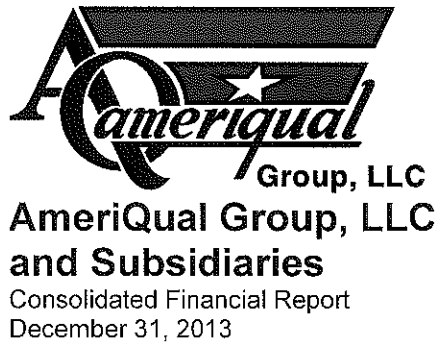
**Consolidating Balance Sheet
December 31, 2012**

	AmeriQual Group, LLC	Thermo Pac, LLC	AmeriQual Finance Corp.	Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	\$ 15,216	\$ -	\$ -	\$ -	\$ 15,216
Trade receivables, net	12,324,143	2,122,754	-	-	14,446,897
Intercompany receivables	11,519,963	-	-	(11,519,963)	-
Inventories	25,725,749	5,193,768	-	(57,335)	30,862,182
Prepaid expenses and other	914,711	119,771	-	-	1,034,482
Total current assets	50,499,782	7,436,293	-	(11,577,298)	46,358,777
Property and equipment, net	22,571,454	3,110,733	-	-	25,682,187
Goodwill	8,794,860	2,584,334	-	-	11,379,194
Other intangible and other assets	2,483,653	4,374,528	-	-	6,858,181
Investment in subsidiaries	2,664,189	-	-	(2,664,189)	-
	\$ 87,013,938	\$ 17,505,888	\$ -	\$ (14,241,487)	\$ 90,278,339
Liabilities and Members' Equity (Deficit)					
Current liabilities					
Excess of outstanding checks over bank balance	\$ 3,802,058	\$ 620,326	\$ -	\$ -	\$ 4,422,384
Accounts payable	8,564,296	1,526,111	-	-	10,090,407
Intercompany payables	-	11,519,963	-	(11,519,963)	-
Current maturities of long-term debt	962,500	-	-	-	962,500
Accrued expenses	4,392,265	1,175,299	-	-	5,567,564
Total current liabilities	17,721,119	14,841,699	-	(11,519,963)	21,042,855
Long-term debt, less current maturities	76,875,000	-	-	-	76,875,000
Total liabilities	94,596,119	14,841,699	-	(11,519,963)	97,917,855
Members' equity (deficit)	(7,582,181)	2,664,189	-	(2,721,524)	(7,639,516)
	\$ 87,013,938	\$ 17,505,888	\$ -	\$ (14,241,487)	\$ 90,278,339

AmeriQual Group, LLC and Subsidiaries

Consolidating Statement of Income
Year Ended December 31, 2012

	AmeriQual Group, LLC	Thermo Pac, LLC	AmeriQual Finance Corp.	Eliminations	Consolidated
Product sales, net	\$ 203,952,817	\$ 38,936,600	\$ -	\$ (2,480,009)	\$ 240,409,408
Cost of sales	177,649,052	39,175,754		(2,512,467)	214,312,339
Gross profit (loss)	26,303,765	(239,154)	-	32,458	26,097,069
Selling, general and administrative expenses	9,706,178	2,787,990	-	-	12,494,168
Operating income (loss)	16,597,587	(3,027,144)	-	32,458	13,602,901
Other income (expense):					
Interest income	2,832	1	-	-	2,833
Interest expense	(6,981,759)	-	-	-	(6,981,759)
Product recall, net of insurance recoveries	-	65,982	-	-	65,982
Other	(8,713)	-	-	-	(8,713)
Equity in net loss of subsidiaries	(2,961,161)	-	-	2,961,161	-
	(9,948,801)	65,983	-	2,961,161	(6,921,657)
Net income (loss)	\$ 6,648,786	\$ (2,961,161)	\$ -	\$ 2,993,619	\$ 6,681,244



**AmeriQual Group, LLC
and Subsidiaries**

Consolidated Financial Report
December 31, 2013

Contents

Independent Auditor's Report	1 – 2
Financial Statements	
Consolidated balance sheets	3
Consolidated statements of income	4
Consolidated statements of changes in members' equity (deficit)	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7 – 24



Independent Auditor's Report

To the Board of Directors of
AmeriQual Management, Inc.
and the Members
AmeriQual Group, LLC
Evansville, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of AmeriQual Group, LLC and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income, changes in members' equity (deficit) and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AmeriQual Group, LLC and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Peoria, Illinois
March 21, 2014

AmeriQual Group, LLC and Subsidiaries

Consolidated Balance Sheets

December 31, 2013 and 2012

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 15,246	\$ 15,216
Trade receivables, net of allowances 2013 and 2012 \$125,000	14,288,122	14,446,897
Inventories	29,777,423	30,862,182
Prepaid expenses and other	1,065,577	1,034,482
Total current assets	45,146,368	46,358,777
Property and equipment, net	26,858,615	25,682,187
Goodwill	11,379,194	11,379,194
Other intangible and other assets, net	5,994,377	6,858,181
	\$ 89,378,554	\$ 90,278,339
Liabilities and Members' Equity (Deficit)		
Current liabilities		
Excess of outstanding checks over bank balance	\$ 5,248,459	\$ 4,422,384
Accounts payable	5,334,117	10,090,407
Current maturities of long-term debt	2,487,500	962,500
Accrued expenses	4,991,039	5,567,564
Total current liabilities	18,061,115	21,042,855
Long-term debt		
Revolving credit facility	5,182,202	-
Term loans, less current maturities	73,793,459	76,875,000
Total long-term debt	78,975,661	76,875,000
Total liabilities	97,036,776	97,917,855
Commitments and contingencies (Notes 9, 12, and 13)		
Members' equity (deficit)	(7,658,222)	(7,639,516)
	\$ 89,378,554	\$ 90,278,339

See Notes to Consolidated Financial Statements.

AmeriQual Group, LLC and Subsidiaries

Consolidated Statements of Income
Years Ended December 31, 2013 and 2012

	2013	2012
Product sales, net	\$ 186,271,554	\$ 240,409,408
Cost of sales	165,610,896	214,312,339
Gross profit	20,660,658	26,097,069
Selling, general and administrative expenses	12,221,612	12,494,168
Operating income	8,439,046	13,602,901
Other income (expense):		
Interest income	3,605	2,833
Interest expense	(7,203,820)	(6,981,759)
Product recall, net of insurance recoveries	-	65,982
Other	39,928	(8,713)
	(7,160,287)	(6,921,657)
Net income	\$ 1,278,759	\$ 6,681,244

See Notes to Consolidated Financial Statements.

AmeriQual Group, LLC and Subsidiaries

**Consolidated Statements of Changes in Members' Equity (Deficit)
Years Ended December 31, 2013 and 2012**

Balance (deficit), December 31, 2011	\$ (12,391,867)
Net income	6,681,244
Additional paid-in capital for equity-based compensation	97,213
Cash distributions	<u>(2,026,106)</u>
Balance (deficit), December 31, 2012	(7,639,516)
Net income	1,278,759
Additional paid-in capital for equity-based compensation	81,916
Redemption of 51,859 non-voting membership units	(13,750)
Cash distributions	<u>(1,365,631)</u>
Balance (deficit), December 31, 2013	<u>\$ (7,658,222)</u>

See Notes to Consolidated Financial Statements.

AmeriQual Group, LLC and Subsidiaries

**Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012**

	2013	2012
Cash Flows from Operating Activities		
Net income	\$ 1,278,759	\$ 6,681,244
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,915,535	5,663,659
Net (gain) loss on sale and disposal of property and equipment	(39,928)	8,713
Equity-based compensation expense	81,916	97,213
Interest capitalized on debt	175,661	-
Change in working capital components:		
Decrease (increase) in:		
Trade receivables	158,775	(6,552,195)
Inventories	1,084,759	(6,912,069)
Prepaid expenses and other current assets	(31,095)	1,423,672
Increase (decrease) in:		
Accounts payable	(4,756,290)	5,093,087
Accrued expenses	(576,525)	(211,473)
Net cash provided by operating activities	3,291,567	5,291,851
Cash Flows from Investing Activities		
Purchase of property and equipment	(5,919,151)	(4,268,782)
Proceeds from sale of property and equipment	167,000	-
Purchase of noncompete agreement	(50,000)	-
Net cash used in investing activities	(5,802,151)	(4,268,782)
Cash Flows from Financing Activities		
Increase in excess of outstanding checks over bank balance	826,075	4,422,384
Net proceeds from (payments on) revolving credit facilities	5,175,000	(3,000,000)
Principal payments on term loans	(1,725,000)	(5,537,500)
Debt modification costs	(386,080)	-
Redemption of non-voting membership units	(13,750)	-
Cash distributions paid	(1,365,631)	(2,026,106)
Net cash provided by (used in) financing activities	2,510,614	(6,141,222)
Net increase (decrease) in cash and cash equivalents	30	(5,118,153)
Cash and cash equivalents:		
Beginning	15,216	5,133,369
Ending	\$ 15,246	\$ 15,216
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ 6,201,055	\$ 7,218,268

See Notes to Consolidated Financial Statements.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: Headquartered in Evansville, Indiana, AmeriQual Group, LLC (AQG), together with its wholly-owned subsidiaries, Thermo Pac, LLC (TP) and AmeriQual Finance Corp. (FinCo), collectively, the "Company," is a leading provider of Meals, Ready to Eat (MREs) and other food products to the U.S. Department of Defense. In addition, the Company sells thermal processed and high-pressure processed, shelf-stable and refrigerated food to large commercial branded food companies, non-governmental relief organizations and governmental agencies. The Company has three reportable business segments consisting of: AQG's food processing (AmeriQual Foods) and assembly (AmeriQual Packaging) divisions and TP. FinCo was formed in March 2005 as a special purpose finance entity for the purpose of being a co-issuer on senior secured notes issued and has no operations or net assets.

A summary of the Company's significant accounting policies follows:

Use of estimates in the preparation of financial statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of consolidation: The consolidated financial statements include the accounts of AQG and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash and cash equivalents: For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Member assets and liabilities: In accordance with the generally accepted method of presenting limited liability company (LLC) financial statements, the consolidated financial statements do not include the assets and liabilities of AQG's members, including their obligations for income taxes on their distributive shares of the net income of AQG, nor any provision for income tax expense.

Trade receivables: Trade accounts receivable are carried at original invoice amount less an estimate for uncollectible accounts receivable. The Company performs ongoing credit evaluation of its customers and provisions are made for estimated uncollectible trade accounts receivable. Each month, management determines the allowance for doubtful accounts by regularly evaluating individual customer's receivables and considering a customer's financial condition, credit history and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

The Company generally does not charge interest on past-due amounts or require collateral on trade receivables.

Concentration of credit risk: Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and receivables. At times, cash in banks is in excess of the FDIC insurance limit. The Company has not experienced any loss as a result of those deposits and does not expect any in the future. The Company's trade receivables are concentrated with one significant customer.

Inventories: Inventories are stated at the lower of cost or market, with cost being determined by the first-in, first-out (FIFO) average cost method. Costs included in inventories consist of materials, labor and fixed and variable manufacturing overhead which are related to the purchase and production of inventories, including production machine parts.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are stated at cost. Depreciation is generally computed on a straight-line basis over the following estimated useful lives:

	Years
Land improvements	15
Buildings	10 - 40
Machinery and equipment	3 - 7
Office equipment, software, furniture and fixtures	3 - 7

Amortization of leasehold improvements is on the straight-line method over the lesser of the lease term or the life of the improvement.

Construction and equipment installations in progress primarily represent building additions and/or production equipment installations. Such assets are not depreciated until they are placed in service.

Goodwill, other intangible and other assets: Goodwill represents the excess of the cost of business acquisitions over the fair value of identifiable net assets acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead reviewed for impairment at least annually, as well as when an event triggering impairment may have occurred. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The impairment determination for goodwill is made using a two-step process by comparing the carrying value of each reporting unit to its fair value. The first step tests for impairment, while the second step, if necessary, measures the impairment. An impairment loss is recognized to the extent that the carrying amount exceeds its implied fair value. The Company has elected to perform its annual analysis as of December 31 of each fiscal year. The carrying amount of goodwill by reporting unit, the total of which comprises goodwill in the accompanying consolidated balance sheets, was approximately \$8.5 million – AmeriQual Packaging, \$0.3 million – AmeriQual Foods, and \$2.6 million – TP, as of December 31, 2013 and 2012. No impairment loss was recognized by the Company for the years ended December 31, 2013 and 2012.

Customer relationships are amortized on a straight-line basis over estimated useful lives of 10 to 20 years, depending on the customer's industry. The noncompete agreements are amortized on a straight-line basis over the term of the related agreement, from 2 to 3 years. The trademark license agreement is amortized on a straight-line basis over the term of the related agreement, 20 years.

The trademark acquired is an indefinite-lived intangible asset and is not amortized until the useful life is determined to be no longer indefinite.

Debt issue and modification costs capitalized are amortized over the average term of the related credit agreement using the effective interest method, with amortization included in interest expense. Debt issue costs associated with debt extinguishment prior to maturity are expensed. Debt issue and modification costs amortization expense for the years ended December 31, 2013 and 2012, was \$951,051 and \$764,201, respectively.

Impairment of long-lived assets: The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are impaired, the impairment is recognized as the amount by which the carrying amount exceeds the estimated future discounted cash flows. Assets to be sold are reported at the lower of the carrying amount or the fair value less costs to sell.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Deferred revenue: The Company, in certain transactions, bills customers prior to shipment, and revenues applicable to such billings are deferred until the product is shipped.

Product liability: Accruals for product liability claims are recorded, on an undiscounted basis, when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information and are adjusted periodically as additional information becomes available. The Company purchases certain liability, umbrella and product contamination and recall insurance from third-party insurance carriers. Receivables for insurance recoveries related to claims are recorded on an undiscounted basis, when it is probable that a recovery will be realized.

Income taxes: AQG and TP file combined federal and state income tax returns as a single LLC. TP, as a single member LLC, is not recognized by the taxing authorities as a separate reporting entity. An LLC is taxed under sections of the federal and state income tax laws, which provide that the members separately account for their pro rata shares of the LLC's items of income, deductions, losses and credits. Therefore, these statements do not include any provision or liability for income taxes applicable to AQG and TP.

FinCo is a corporation subject to income taxes and files its own separate income tax returns. There were no income taxes applicable to FinCo from its formation to December 31, 2013.

Uncertainty in income taxes accounting guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2010.

Member distributions: Member distributions are reported as a reduction of members' equity when declared by the Board of Directors of the General Manager of AQG. The Company intends to declare distributions to assist the members in paying personal income taxes on the income of the Company. No provision has been made in the accompanying consolidated financial statements for any amounts which may be declared as distributions subsequent to December 31, 2013.

Revenue recognition: The Company recognizes revenue from product sales when each of the following conditions have been met: an arrangement exists, shipment has been made under terms F.O.B. shipping point and collectability is reasonably assured, which is generally upon shipment. The Company also recognizes revenue from MREs product sales when, in accordance with a written amendment to MRE contract terms with the major customer, the major customer has requested and agreed to purchase product and accepts ownership and risks related thereto, but requires the Company to temporarily retain physical possession until the major customer requests shipment and all other conditions for revenue recognition are met applicable to bill-and-hold arrangements. The Company records estimated discounts in the same period revenue is recognized based on historical experience.

Shipping and handling costs: Shipping and handling costs are included in cost of sales.

Legal costs associated with loss contingencies: Legal costs associated with loss contingencies are expensed as incurred.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Equity-based compensation: For equity-based awards, compensation expense is measured at the grant date, based upon the fair value of the award, calculated using the Black-Scholes option pricing model and recognized as a component of cost of goods sold and/or selling, general and administrative expense over the awards vesting periods.

Recent accounting pronouncements: Delayed adoption of accounting standard: In May 2003, the Financial Accounting Standards Board (FASB) issued accounting guidance that requires that certain freestanding financial instruments be reported as liabilities in the balance sheet. Depending on the type of financial instrument, it will be accounted for at either fair value or the present value of future cash flows determined at each balance sheet date with the change in that value reported as interest expense in the income statement. Prior to the applicable FASB issued accounting guidance, either those financial instruments were not required to be recognized, or if recognized, were reported in the balance sheet as equity and changes in the value of those instruments were normally not recognized in net income. The FASB has delayed indefinitely the effective date of this accounting guidance.

Note 2. Inventories

A summary of inventories as of December 31, 2013 and 2012, is as follows:

	2013	2012
Raw materials	\$ 16,537,175	\$ 18,450,259
Work in process	149,839	2,061,501
Finished goods	10,400,923	7,756,844
Parts	2,689,486	2,593,578
	<u>\$ 29,777,423</u>	<u>\$ 30,862,182</u>

Note 3. Property and Equipment

A summary of property and equipment as of December 31, 2013 and 2012, is as follows:

	2013	2012
Land and improvements	\$ 2,061,626	\$ 2,061,626
Buildings	12,681,011	12,656,839
Leasehold improvements	4,720,241	4,641,025
Machinery and equipment	56,183,092	54,689,766
Office equipment, software, furniture and fixtures	3,642,948	3,600,781
Construction and equipment installations in progress	3,654,405	437,574
	<u>82,943,323</u>	<u>78,087,611</u>
Less accumulated depreciation and amortization	<u>56,084,708</u>	<u>52,405,424</u>
	<u>\$ 26,858,615</u>	<u>\$ 25,682,187</u>

Approximately \$4,099,000 of the leasehold improvements as of December 31, 2013 and 2012, respectively, were made to the AmeriQual Packaging facility which is being leased from a related party.

Depreciation expense on property and equipment for the years ended December 31, 2013 and 2012, was \$4,615,651 and \$4,563,124, respectively.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Other Intangible and Other Assets

Other intangible and other assets consisted of the following as of December 31, 2013 and 2012:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	<u>2013</u>		
Definite-lived, subject to amortization:			
Customer relationships	\$ 5,200,000	\$ 1,778,474	\$ 3,421,526
Noncompete agreements	380,000	342,500	37,500
Trademark license agreement	160,000	43,333	116,667
Debt issue and modification costs	3,967,027	2,048,343	1,918,684
	<u>9,707,027</u>	<u>4,212,650</u>	<u>5,494,377</u>
Indefinite-lived:			
Trademark	500,000	-	500,000
	<u>\$ 10,207,027</u>	<u>\$ 4,212,650</u>	<u>\$ 5,994,377</u>
	<u>2012</u>		
Definite-lived, subject to amortization:			
Customer relationships	\$ 5,200,000	\$ 1,450,140	\$ 3,749,860
Noncompete agreement	330,000	330,000	-
Trademark license agreement	160,000	35,333	124,667
Debt issue costs	3,946,119	1,462,465	2,483,654
	<u>9,636,119</u>	<u>3,277,938</u>	<u>6,358,181</u>
Indefinite-lived:			
Trademark	500,000	-	500,000
	<u>\$ 10,136,119</u>	<u>\$ 3,277,938</u>	<u>\$ 6,858,181</u>

Amortization expense recognized on all definite-lived intangible and other assets totaled \$1,299,884 and \$1,100,535 for the years ended December 31, 2013 and 2012, respectively.

Estimated aggregate annual amortization expense on definite-lived intangible and other assets, in future years, is as follows:

	Amount
Year Ending December 31,	
2014	\$ 1,214,083
2015	1,201,583
2016	549,521
2017	336,334
2018	290,500
Thereafter	<u>1,902,356</u>
	<u>\$ 5,494,377</u>

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Accrued Expenses

Accrued expenses as of December 31, 2013 and 2012, are comprised of the following:

	2013	2012
Compensation	\$ 2,328,197	\$ 2,563,961
Self insurance	462,003	682,084
Real and personal property and payroll taxes	1,034,179	1,094,999
Interest	238,003	361,950
Product recall	583,122	583,122
Other	345,535	281,448
	<u>\$ 4,991,039</u>	<u>\$ 5,567,564</u>

Note 6. Pledged Assets, Current and Long-Term Debt

A summary of long-term debt as of December 31, 2013 and 2012, is as follows:

	2013	2012
Term Loans, terms as described below	\$ 76,280,959	\$ 77,837,500
Revolving loan facility, due March 28, 2016, other terms as described below	5,182,202	-
	<u>81,463,161</u>	<u>77,837,500</u>
Less current maturities	<u>2,487,500</u>	<u>962,500</u>
Long-term portion	<u>\$ 78,975,661</u>	<u>\$ 76,875,000</u>

The Company has an amended and restated loan and security agreement (the Credit Facility) with a group of banks and other participating lenders. The Credit Facility expires March 28, 2016, or earlier as defined in the Credit Facility, and is comprised of term loans A and B (collectively, the Term Loans) and a revolving loan facility. Term loans A and B are payable in quarterly principal installments of \$762,500 and \$50,000, respectively, to January 2016, with the entire unpaid balance of each loan due March 28, 2016. The Company prepaid certain quarterly principal installments on term loan A in 2013 and 2012 and as of December 31, 2013, had prepaid one quarterly principal installment. The outstanding term loan A and B balance was \$56,719,521 and \$19,561,438, respectively, as of December 31, 2013, and \$58,137,500 and \$19,700,000, respectively, as of December 31, 2012. The revolving loan facility includes a sub-facility for letters of credit, not to exceed \$5.0 million. There were no outstanding letters of credit as of December 31, 2013 and 2012.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Pledged Assets, Current and Long-Term Debt (Continued)

The Company was in violation of the Credit Facility's total leverage financial covenant for the 2013 2nd quarter calculation; however this violation was waived by the lenders in an amendment made as of October 1, 2013 (the CF Amendment). The CF Amendment's terms also (i) reduced the maximum revolving loan facility from \$35.0 million to \$25.0 million, subject to a \$5.0 million additional reduction for any fiscal quarter following if the Company's fixed charge coverage ratio is below a defined threshold and continuing thereafter until the quarter after such ratio is greater than or equal to the defined threshold, (ii) added an additional interest component for Payment-In-Kind (PIK) interest, the applicable margin of which is established quarterly based upon the Company's total leverage ratio, (iii) added a mandatory prepayments provision on revolving loans that requires cash balances in excess of \$5.0 million be remitted on such loans within three business days, and (iv) revised mandatory prepayment provisions from excess cash flows within 120 days after year end to increase the requirement to 75% of the Company's excess cash flows if the Company's leverage ratio exceeds a defined threshold. PIK interest is computed and added quarterly to the unpaid principal balance of the Company's outstanding loans. The CF Amendment also modified certain restricted payments (as defined in the Credit facility).

The Term Loans and the revolving loan facility bear interest at a base rate or a LIBOR rate, at the Company's discretion, plus a margin and effective October 1, 2013, plus a PIK margin. Interest, excluding PIK interest, is payable monthly on all base rate loans and on the earlier of the last day of the applicable interest period or the quarterly interval during such interest period for LIBOR rate loans. As of December 31, 2013, the revolving loan facility balance was at the LIBOR rate (an effective rate of 7.25%). As of December 31, 2013, the entire term loan A balance was at the LIBOR rate (an effective rate of 7.25%). As of December 31, 2013, \$19,400,000 of the term loan B was at the LIBOR rate (an effective rate of 10.25%) and \$100,000 was at the base rate (an effective rate of 11.00%). The Company is also required to pay a monthly unused revolving loan facility fee at the rate of 0.75% per annum, certain monthly letter of credit fees at the rate of 0.25% per annum and certain fees and expenses otherwise as defined in the Credit Facility.

Borrowings under the Credit Facility are collateralized by substantially all the assets of the Company.

The Credit Facility includes certain covenants that generally restrict the Company's ability to change its business conducted, incur additional indebtedness, redeem equity interests or make other distributions (other than permitted tax distributions), make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate, and transfer or sell assets, in excess of defined amounts. In addition, the Credit Facility requires the Company to comply with certain financial covenants, including maximum total leverage and minimum fixed charge coverage ratios, calculated quarterly for the trailing twelve month period, and a limitation on annual capital expenditures.

The aggregate annual maturities on the Term Loans are subject to adjustment since the Company is required to make prepayments, within one hundred and twenty (120) days after each fiscal year-end in amounts equal to 50% or 75%, as determined based upon the Company's leverage ratio, of its excess cash flows, as defined in the Credit Facility. There were no excess cash flows for the year ended December 31, 2013, and therefore no accelerated maturities were applicable to 2014 maturities in the table below.

Aggregate annual maturities required on long-term debt are due in future years as follows:

	Amount
Year Ending December 31,	
2014	\$ 2,487,500
2015	3,250,000
2016	75,725,661
	<u>\$ 81,463,161</u>

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Members' Deficit and Operating Agreement

Members' deficit: The Company's members' deficit is primarily the result of a leveraged recapitalization and other related transactions that occurred on March 31, 2005, and included payment of cash dividends to AQG's members, who were the sellers of approximately 50% of their voting and non-voting membership units to AQ Acquisition LLC (as a part of such transactions), that reduced members' equity by approximately \$110.8 million.

Authorized, issued and outstanding voting and non-voting membership units are summarized as follows as of December 31, 2013 and 2012:

	2013		2012	
	Authorized	Issued and Outstanding	Authorized	Issued and Outstanding
Voting units	45,200,000	45,200,000	45,200,000	45,200,000
Non-voting units	49,202,212 (a)	35,178,908	49,254,071 (a)	35,230,767

(a) 14,023,304 of these units were reserved for issuance upon the exercise of warrants (6,554,168 units), options (7,095,680 units) and unissued options (373,456 units).

Certain rights, features and/or terms of voting and non-voting units, warrants issued to AmeriQual Holding, Inc. (AQH) and AQG's Operating Agreement are summarized below:

Voting units' rights: In general, actions required by interest holders in respect to the business affairs of the Company may only be taken by holders of voting units and, in any event, actions require the approval of both AQ Acquisition LLC (which owned 50% of outstanding voting and total units as of December 31, 2013 and 2012) and AQH (which owned 50% of outstanding voting units and approximately 33% of outstanding total units as of December 31, 2013 and 2012). AQ Acquisition LLC is an affiliate of Ares Management LLC (Ares) and Ares Corporate Opportunities Fund, L.P. (ACOF).

Non-voting units conversion rights: In the event of an issuance of additional voting units after March 31, 2005, all holders of original non-voting units have a right to convert their original non-voting units into voting units such that one original non-voting unit may be converted for each newly issued voting unit until all such original non-voting units are converted.

Warrants issued to AQH: AQG issued certain warrants to AQH that allow the holders to purchase non-voting units of AQG at exercise prices of \$2.17 or \$2.92. Warrants issued to AQH included 5,982,777 warrants, 50% of which have an exercise price of \$2.17 and 50% of which have an exercise price of \$2.92. All warrants issued to AQH were outstanding as of December 31, 2013 and 2012. Such warrants were 100% vested upon issue and are exercisable for a 10-year period from date of issue (an expiration date of March 31, 2015).

Operating agreement: AQG operates under a fourth amendment and restatement of its Operating Agreement (the AROA) with its members. The AROA defines, among other things, AQG's purpose and terms with its members including: initial capital accounts determination and maintenance thereafter, additional capital contributions of members, allocation of profits and losses, cash flow distributions and liquidation and dissolution distributions, transfer of ownership interests and withdrawals of members, voting and non-voting units issued and rights, deadlock resolution actions in the event of material disagreements among voting members, covenants with respect to transactions with affiliates, information rights, advisory fees and other, and General Manager powers, authority and governance. The term of the LLC shall continue perpetually, unless its existence is sooner terminated pursuant to terms as specified in the AROA.

Note 7. Members' Deficit and Operating Agreement (Continued)

Under the AROA, AmeriQual Management, Inc. (AMI) was designated to serve as the General Manager and as such controls substantially all significant governance matters decisions with respect to AQQ. AMI is owned equally by AQH and an affiliate of Ares and AMI's Board of Directors is authorized to have eight directors with equal representation designated by AQH and the affiliate of Ares.

Certain provisions of the AROA with respect to withdrawals of membership unit holders are as follows:

Involuntary withdrawal of or termination of employee membership unit holder: Immediately upon the occurrence of an involuntary withdrawal of or the cessation of employment on a full-time basis in respect of an employee membership unit holder, AQQ has the first option right, but not the obligation, to purchase all units of such affected employee member at its fair market value. In the event AQQ decides not to purchase such units, then each of AQ Acquisition LLC and its affiliates and AQH have the second option right to purchase such units under the same terms as the first option.

First offer rights: At any time or from time to time, and prior to a qualified initial public offering (IPO), AQH and non-voting members may offer to sell all or part of their membership units and AQQ has the first option right, but not the obligation, to purchase such units on detailed terms specified in an investor's notice. In the event AQQ decides not to purchase such units, then AQ Acquisition LLC or any of its affiliates have the second option right to purchase such units on the same terms specified in the investor's notice. AQ Acquisition LLC may assign its right to purchase to another interest holder or a permitted transferee, at its sole option. These rights will not apply to transfers to a permitted transferee or transfers to which drag-along rights or liquidity rights are to be applied.

Tag-along rights: If, at any time or from time to time prior to an IPO, either (a) a proposed transfer of membership units by AQ Acquisition LLC or any of its affiliates to a third party or (b) a proposed transfer by AQH or any of its affiliates or by any other unit holder beneficially owning units representing 10% or more of all the outstanding units (on a fully diluted basis assuming exercise of warrants and options) of AQQ, each other unit holder will have the right to participate in such sale on a pro rata basis and such other unit holders shall also have the right to participate on the same terms and conditions as granted to, provided to, or purchased by the proposed transferor and its affiliates. These rights will not apply to transfers to a permitted transferee or transfers to which drag-along rights or liquidity rights are to be applied.

Drag-along rights: If at any time, and prior to an IPO, AQ Acquisition LLC and its affiliates intend to effect a change of control, AQ Acquisition LLC and its affiliates shall have the right to require that all other holders of membership units participate with it on a pro rata basis in any bona fide transaction with a person that is not an affiliate (whether through a transfer of shares or a merger, consolidation or sale of assets) resulting in a change of control. To the extent the other unit holders participate as set forth above, such participation must be pro rata and on the same terms and conditions as granted to, provided to or purchased by AQ Acquisition LLC and its affiliates.

Liquidity rights: At any time after a deadlock event as defined, ACOF may cause AQQ to effect an IPO or may initiate a process to realize value in whole or in part on a private basis, whether through the sale of units, a recapitalization or a sale to a third party of AQQ as an entirety (in any such case, a Liquidity Event). ACOF can require that all other unit holders and the General Manager of AQQ participate, and all unit holders and the General Manager of AQQ shall be entitled to participate, in a Liquidity Event on a pro rata basis as necessary to achieve liquidity for their economic interests in AQQ and on the same terms and conditions as granted to, provided to or purchased by AQ Acquisition LLC and its affiliates.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Major Customer

Revenue for the years ended December 31, 2013 and 2012, includes revenue from product sales to the following major customer, together with the trade receivables due from such customer as of December 31, 2013 and 2012:

<u>Customer</u>	Product Sales, Net		Percent to Total Product Sales, Net	
	2013	2012	2013	2012
U.S. Government agencies	\$ 112,078,810	\$ 175,840,696	60.2%	73.1%

Information regarding trade receivables from the major customer is as follows:

<u>Customer</u>	Amount	Percent to Total Trade Receivables	Amount	Percent to Total Trade Receivables
	2013		2012	
U.S. Government agencies	\$ 7,304,114	51.1%	\$ 9,949,448	68.9%

The segment revenue breakdown from product sales to the major customer among the Company's reportable operating segments is as follows:

<u>Customer</u>	Product Sales, Net		Percent to Total Product Sales, Net	
	2013	2012	2013	2012
<i>AmeriQual Foods:</i>				
U.S. Government agencies	\$ 22,761,706	\$ 57,071,740	40.7%	66.5%
<i>AmeriQual Packaging:</i>				
U.S. Government agencies	\$ 81,678,094	\$ 109,071,735	94.7%	92.3%
<i>TP:</i>				
U.S. Government agencies	\$ 7,639,010	\$ 9,697,221	17.3%	26.6%

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Lease Commitments and Total Rent Expense

AQG leases the AmeriQual Packaging facility from AQ Real Estate, LLC, a related party whose members are owners of AQH, under a noncancelable agreement (inclusive of certain amendments) that expires December 2014. Under the lease terms, monthly rent payments required are approximately \$61,600. In addition to monthly rent, the Company is also responsible for substantially all executory costs applicable to the facility leased including insurance, maintenance, utilities and property taxes and is required to make all necessary repairs.

AQG has an option to extend the lease for an additional five-year period at inflation adjusted rent.

AQG is also obligated, under other operating leases with unrelated parties, for certain warehouse facilities and equipment under noncancelable agreements that expire in various years through February 2017 and generally require minimum monthly rental amounts and certain warehouse facilities on a month-to-month basis.

TP leases operations facilities and equipment from various unrelated parties under operating leases that expire in various years through July 2018 and generally require minimum monthly rental amounts. In addition, certain leases also require the payment of property taxes, normal maintenance and insurance on the properties.

Total rental expense for the years ended December 31, 2013 and 2012, was approximately \$2,074,000 and \$1,935,000, respectively, inclusive of rental expense (and excluding executory costs) to the related party LLC of \$738,900 for each of the years ended December 31, 2013 and 2012.

The total approximate minimum rental commitment as of December 31, 2013, required under noncancelable leases, is due in future years as follows:

	Related Party	Unrelated Parties	Total
Year Ending December 31,			
2014	\$ 738,900	\$ 787,200	\$ 1,526,100
2015	-	613,200	613,200
2016	-	141,100	141,100
2017	-	111,600	111,600
2018	-	53,100	53,100
	<u>\$ 738,900</u>	<u>\$ 1,706,200</u>	<u>\$ 2,445,100</u>

Note 10. Defined Contribution Pension Plan

The Company participates in a defined contribution 401(k) pension plan offering substantially all employees a choice to elect to make contributions pursuant to salary reduction agreements upon attaining certain age and length-of-service requirements. Employees may participate by contributing up to a maximum of 60% of their salary, a portion of which is required to be matched by the Company. The Company matches a participant's elective salary deferrals at 100% of the first 3%, and 50% of the next 3% of a participant's compensation. The Company incurred matching contributions of approximately \$653,000 and \$652,000 for the years ended December 31, 2013 and 2012, respectively.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Equity-Based Compensation Awards

AQG has an option plan (the Plan) that permits option holders the right to purchase its non-voting units. The Plan allows for grants of non-voting units of AQG up to a maximum of 7,469,136 units. The primary purpose of the Plan is to provide additional performance and retention incentives to key management employees by facilitating their purchase of non-voting units of AQG. The Plan is administered by the Board of Directors of the General Manager of AQG. Under the terms of the Plan, options may be granted to purchase non-voting units of AQG at exercise prices set on the date an option is granted and as determined by the Board of Directors of the General Manager of AQG. Exercise or purchase price per unit amounts are generally approved at or above the grant date estimated fair value per unit of AQG's members' equity. Awards issued under the Plan vest and become exercisable in five equal annual installments from the date of grant provided the employee is continuously employed by the employer through the applicable vesting date, subject to 100% acceleration of vesting upon a change of ownership control, as defined in the Plan. Options are generally exercisable for a 10-year period from date of grant.

AQG has also issued 571,390 warrants to selected key employees and a non-employee who are non-voting members that allow the holders to purchase non-voting units of AQG, 50% of which have an exercise price of \$2.17 and 50% of which have an exercise price of \$2.92. These warrants meet the conditions for compensation awards and are included with options in the tables below. Such warrants were 100% vested upon issue and exercisable for a 10-year period from date of issue (an expiration date of March 31, 2015).

AQG receives no monetary consideration for the granting of equity-based awards pursuant to the Plan or otherwise. However, it receives the option/warrant price for each non-voting unit issued to holders upon the exercise of the options/warrants.

The fair value of each award is estimated as a single award and recognized as compensation expense on a straight-line basis over its vesting period.

The Company estimates the fair value of all option awards and applicable warrants issued as of the grant date by applying the Black-Scholes option pricing model. The use of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense and include the expected life of the option/warrant, unit price volatility, risk-free interest rate, dividend yield, exercise price and forfeiture rate. Under FASB issued accounting guidance effective for awards issued or modified after December 31, 2005, forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. The forfeiture rate, which is estimated at a weighted average of 8% of unvested options outstanding, is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Equity-Based Compensation Awards (Continued)

A summary of options and applicable warrants at December 31, 2013 and 2012, and changes during the years then ended is as follows:

	2013		2012	
	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price
Outstanding at beginning of year	7,853,798	\$ 1.52	7,853,798	\$ 1.52
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(186,728)	1.50	-	-
Expired	-	-	-	-
Outstanding at end of year	<u>7,667,070</u>	1.52	<u>7,853,798</u>	1.52
Exercisable at end of year	7,368,304	1.53	7,144,230	1.53
Unvested at end of year	298,766	1.50	709,568	1.50

There were 373,456 non-voting units available for future employee grants at December 31, 2013. There was no future compensation cost at December 31, 2013, related to non-vested awards not yet recognized.

A further summary of equity-based compensation awards outstanding at December 31, 2013, was as follows:

	Options and Warrants Outstanding		Options and Warrants Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Remaining Contractual Life
Exercise Prices				
\$0.92	2,520,834	1.25	2,520,834	1.25
\$1.92	2,520,834	1.25	2,520,834	1.25
\$2.17	285,695	1.25	285,695	1.25
\$2.92	285,695	1.25	285,695	1.25
\$1.00	1,027,006	4.77	877,623	4.73
\$2.00	<u>1,027,006</u>	4.77	<u>877,623</u>	4.73
	<u>7,667,070</u>		<u>7,368,304</u>	

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 12. Related-Party Transactions

Building Rent Expense

AQ Real Estate, LLC owns a building which is leased to AQG. Reference should be made to Note 9 to the consolidated financial statements for those lease arrangements, commitments and total rent expense applicable thereto.

Advisory Fees

AQG has certain agreements with AQH and an affiliate of Ares the terms of which require each party to provide advisory and consulting services to AQG for \$250,000 annually, payable quarterly in advance. Effective October 1, 2013, these agreements were amended whereby the services and related quarterly payments were waived from that date until such time that the Company's debt obligations owed under its primary credit facility are paid in full. In addition, the term of the agreement was extended 5 years, expiring March 31, 2020. The Company incurred \$375,000 and \$500,000 in advisory and consulting services expense for the years ended December 31, 2013 and 2012, respectively.

The Company has future commitments as of December 31, 2013, under these agreements for \$375,000 in 2016, \$500,000 annually for the years 2017 through 2019 and \$125,000 for 2020.

Note 13. Other Commitments and Contingencies

Commitments

In order to complete the equipment installations in progress, the Company was committed to vendors for equipment purchases of approximately \$2,120,000 as of December 31, 2013. These commitments are expected to be financed by cash flows from operating activities.

Contingencies, including legal proceedings and product liability matters

In May 2011, the U.S. Food and Drug Administration (FDA) first warned against using a food thickening agent sold under the product brand name SimplyThick (ST). TP was one of certain companies that manufactured ST for a product design, marketing and distribution company located in Missouri (the Customer). The FDA conducted an inspection of TP's manufacturing facilities located near Atlanta, GA from May 23 to June 3, 2011, and discovered that TP had failed to file with the FDA a scheduled process designed to ensure that vegetative cells of microorganisms (harmful bacteria) of possible public health significance are destroyed during the manufacturing process. Upon notification of the FDA observations, TP voluntarily ceased producing and shipping ST product and, on June 4, 2011, the Customer initiated a voluntary recall of ST manufactured by TP. Shortly after the FDA inspection observations were issued, TP issued responses to the FDA specifying that all applicable ST product (for which production had resumed after the voluntary recall) was produced following filed and accepted process parameters as accepted by the FDA. In June of 2012, TP ceased all manufacture of ST. In September of 2012, based on an extensive review of reports of health problems potentially tied to ST, the FDA updated its May 2011 warning regarding ST. The 2012 update (i) expanded FDA's recommendation against consumption of ST to include infants of any age (ii) reported that identified instances of a rare intestinal-tissue disease known as necrotizing enterocolitis (NEC) among children born at hospitals using the ST product had increased to twenty-two, including seven deaths and (iii) concluded that further study is warranted to establish if there is a link between NEC and ST and other thickening agents.

Note 13. Other Commitments and Contingencies (Continued)

As of the date the consolidated financial statements were available to be issued, the Company has been served with notice of approximately 30 claims relating to alleged damages resulting from the alleged consumption of ST. Of these claims, 7 claims have been settled on behalf of the Company, and pursuant to the settlements, both TP and AQG have been dismissed, with prejudice in all instances. It is possible that additional claimants will be identified in the future as the statute of limitations has not expired for all possible claims in all jurisdictions. In the case of those claims now in litigation, the recovery sought includes money damages for personal injuries and/or death resulting from the consumption of claimed defective or tainted ST. The various legal theories and/or claims asserted against the Company include: (1) strict product liability - manufacturing defect; (2) strict product liability - failure to warn; (3) strict product liability - design defect; (4) negligence; (5) negligence per se; (6) gross negligence; (7) breach of express and implied warranty; (8) negligent misrepresentation; (9) negligent infliction of emotional distress; (10) wrongful death; (11) loss of consortium; (12) Survival Act; (13) compensatory, punitive and/or unspecified damages; and (14) violation of various other state-specific consumer protection laws and/or statutes. The lawsuits and threatened litigation, in each case, name several of the following defendants: TP; AQG; the Customer; the principal owner of the Customer; the former owner and operator of the TP manufacturing facility; the third party distributors of ST; and the hospital medical providers (the Defendants).

The Company plans to contest all matters in controversy in each of the lawsuits and incidents of threatened litigation. The Company has taken steps to preserve any rights it may have for insurance recovery, for indemnification by other third parties or for contribution by other named Defendants. According to external legal counsel, based on their investigation through the date the consolidated financial statements were available to be issued, they (i) have not identified any direct evidence linking any bacterial contamination in any of the ST products manufactured or processed by TP or AQG to those which were allegedly consumed by any of the claimants, and (ii) are not aware of any established causal connection between any alleged bacterial contamination brought about by the processing of ST and the subsequent onset of NEC. The Company's management and external legal counsel believe it is premature to evaluate the likelihood of a favorable or unfavorable outcome in any case alleging consumption of ST or to estimate the amount or range of potential loss in the event of an unfavorable outcome. Once discovery is completed, external legal counsel has indicated they will be in a better position to estimate the likelihood of success on the merits of the defense and/or the amount or range of potential loss, although it is generally not feasible to predict the ultimate outcome of litigation.

On or about May 30, 2013, the Customer filed a complaint against the Company and the former owner and operator of the TP manufacturing facility. The Customer asserts claims against defendants for breach of express warranty and breach of implied warranty of fitness and seeks damages for lost profits, costs associated with the recall of ST and lost goodwill. The Company has asserted counterclaims against the Customer for negligence, breach of contract and constructive fraud for the Customer's failure to disclose material information relating to the ST product. The Company has also asserted a cross-claim against the former owner and operator of the TP manufacturing facility for contractual indemnity pursuant to a 2008 Asset Purchase Agreement between TP and the former owner and operator of the TP manufacturing facility, and for contribution to any judgment awarded to the Customer. The Company plans to contest all matters in controversy in this lawsuit and to vigorously pursue the counterclaims and cross-claim. As discovery has not yet commenced, the Company's management and external legal counsel believe it is premature to evaluate the likelihood of a favorable or unfavorable outcome in this case or to estimate the amount or range of potential loss in the event of an unfavorable outcome.

The damages amounts claimed in the pending lawsuits referred to above are significant, and other claims made or unknown claims that may be asserted in the future related to ST product liability matters may also be significant and, in the event of an unfavorable outcome, may have a material adverse effect on the Company's financial position, results of operations and cash flows.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Other Commitments and Contingencies (Continued)

The Company is involved in certain other legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such other proceedings and litigation will not materially affect the Company's financial position, results of operations or cash flows.

The Company self-insures a portion of the risks associated with medical expenses incurred by its employees and their dependents. The Company has secondary insurance coverage for individual claims in excess of \$100,000 and for aggregate annual claims exceeding an estimated contract maximum, approximately \$5.5 million for the policy year ending September 30, 2014. Claims are expensed as incurred. In establishing accruals for claims incurred and reported and estimates for claims incurred but not yet reported, the Company uses factors such as historical experience, known trends and third-party administrator estimates to determine the appropriate amounts to report as accrued liabilities. Changes in the perceived severity of unreported claims, significant changes in medical costs and legislative changes affecting the administration of the Company's plan could significantly impact the determination of appropriate accruals. Amounts charged to expense for such claims were approximately \$3,345,000 and \$4,136,000 for the years ended December 31, 2013 and 2012, respectively.

A loss or substantial negative revision of any U.S. Government sales contract could adversely affect the Company's results of operations and cash flows and a loss or substantial negative revision to the Company's MRE assembly or Unitized Group Rations-A contracts would have a material adverse consequence to the Company's results of operations and cash flows.

In November 2011, the Company was awarded a new MRE contract that expires in November 2016. To date the U.S. Government (Department of Defense), through its Defense Logistics Agency - Troop Support (DLATS), has issued delivery orders for minimum contract quantities for calendar year 2014. The new MRE contract requires annual re-pricing in conjunction with the allocation of delivery orders for the calendar year minimum contract quantities.

Note 14. Segment Information

The Company's three reportable segments offer different products and services and consist of AmeriQual Foods (Foods), AmeriQual Packaging (Packaging) and TP. The Foods segment processes (i) shelf stable food products in microwavable bowls, trays and pouches which are sold to commercial customers, (ii) shelf stable pouches which are sold to the Packaging segment, (iii) high-pressure processed food products which are sold to commercial customers and (iv) perishable UGR-A modules which are sold to a governmental customer. The Packaging segment assembles food and other products into packages which are primarily sold to governmental, non-governmental relief organization and commercial customers. The TP segment processes shelf stable food products in cups and pouches that are sold to commercial customers, a governmental customer and to the Packaging segment. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Inter-segment transactions have been eliminated.

Inter-segment transactions are recorded at prices typically consistent with sales prices to external customers.

The Company evaluates segment profit based on operating income.

The Company's two main product lines are military rations and commercial branded products. For the years ended December 31, 2013 and 2012, approximately 60% and 71%, respectively, of the Company's net product sales were military products and the remainder was commercial products.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 14. Segment Information (Continued)

The Company's sales by product line for the years ended December 31, 2013 and 2012, are as follows:

	2013	2012
Military products	\$ 110,980,170	\$ 169,823,458
Commercial products	75,291,384	70,585,950
	<u>\$ 186,271,554</u>	<u>\$ 240,409,408</u>

Reportable operating segment financial information as of or for the years ended December 31, 2013 and 2012, is as follows:

Operating Segments	Product Sales, net	Inter-segment Revenue	Operating Income (Loss)	Depreciation/ Amortization	Total Assets	Capital Expenditures
AmeriQual Foods						
2013	\$ 55,902,754	\$ 25,962,093	\$ (5,305,297)	\$ 4,415,449	\$ 58,404,647	\$ 4,729,719
2012	85,834,454	31,827,691	633,112	3,929,187	54,665,922	3,476,668
AmeriQual Packaging						
2013	86,220,075	-	13,397,127	461,214	144,537,856	177,461
2012	118,118,363	-	15,857,621	626,150	135,809,464	205,334
TP						
2013	44,148,725	1,584,484	331,701	1,038,872	20,963,716	1,011,971
2012	36,456,591	2,480,009	(3,027,144)	1,108,322	17,505,889	586,780
Eliminations						
2013	-	(27,546,577)	15,515	-	(134,527,665)	-
2012	-	(34,307,700)	139,312	-	(117,702,936)	-
Total Company						
2013	186,271,554	-	8,439,046	5,915,535	89,378,554	5,919,151
2012	240,409,408	-	13,602,901	5,663,659	90,278,339	4,268,782

Note 15. Fair Value Disclosures

The carrying amounts of financial instruments, including trade receivables and accounts payable are estimated to approximate fair value due to the short maturity of these instruments. The carrying value of term loans and revolving loan facilities debt is estimated to approximate fair value because the interest rates fluctuate with market rates or are based on estimated current rates offered to the Company for debt with similar terms and maturities.

As of December 31, 2013 and 2012, the Company did not have any financial or non-financial assets or liabilities that were reported at fair value.

AmeriQual Group, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 16. Subsequent Events

The Company has evaluated events occurring subsequent to December 31, 2013, as to their potential impact to the consolidated financial statements through March 21, 2014, which represents the date the consolidated financial statements were available to be issued.

NOVATION AGREEMENT

This Novation Agreement (Agreement) is entered into by the Contractor; the Department of Public Safety (DPS); and Texas Division of Emergency Management, a part of the Texas A&M University System (TDEM TAMUS).

I. Background

On 10/31/2014, DPS entered into contract no. 405-15-P001290 (Contract) with AMERQUAL GROUP LLC (Contractor). H.B. 2794 (86th Leg., R.S.) requires DPS to assign the Contract to TDEM TAMUS.

II. Agreement

- a. Effective September 1, 2019, DPS assigns all its rights, title, and interest, and delegates all its obligations, responsibilities, and duties, in and to the Contract to TDEM TAMUS. TDEM TAMUS accepts the assignment of all of DPS's obligations, responsibilities, and duties under the Contract and all of DPS's rights, title, and interest in and to the Contract to TDEM TAMUS.
- b. Except as otherwise provided in this Agreement, all terms and conditions of the Contract, including payment provisions, remain in effect. Insofar as rights and obligations under the Contract from the date of execution of this Agreement are concerned, references to DPS in the Contract are deemed replaced with references to TDEM TAMUS.

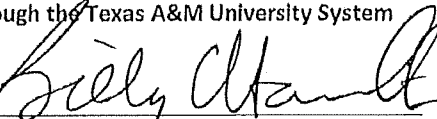
III. Signatories

The parties execute this Agreement in their stated capacities with authority to bind their organizations on the date noted.

Department of Public Safety of the State of Texas

Texas Division of Emergency Management
through the Texas A&M University System

By: 

By: 

Steven C. McCraw

Name: Billy Hamilton

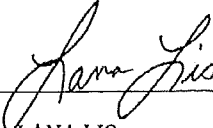
Director

Title: Deputy Chancellor and Chief Financial Officer

Date: 8/20/19

Date: 8/27/19

Contractor: AMERQUAL GROUP LLC

By: 

Name: LANA LIS

Title: DIRECTOR GOVERNMENT SALES

Date: 8/12/2019