

LICENSE AGREEMENT
BETWEEN
MONTGOMERY COUNTY, MARYLAND AND BART-T HOLDING, INC.

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LICENSE AGREEMENT

THIS LICENSE AGREEMENT (the "License"), made this 21 day of August, 2015, by and between MONTGOMERY COUNTY, MARYLAND, a body corporate and politic and a political subdivision of the State of Maryland (the "County") and BAR-T HOLDING, INC., a for profit corporation and a Child Care Provider (the "Licensee" or the "Provider"). (The County and the Licensee or Provider together the "Parties").

BACKGROUND:

1. The County has a leasehold interest in space located at the Thurgood Marshall Elementary School located at 12260 MacDonald Chapel Drive, Gaithersburg, Maryland, 20878 ("Thurgood") for the sole purpose of the operation of a child care center ("Child Care Center") in Montgomery County, Maryland; and
2. The County solicited requests for proposals from organizations interested in providing child care at Thurgood; and
3. A Child Care Provider Selection Committee reviewed applications and chose the Licensee to provide a child care program appropriate to the needs of the community; and
4. The purpose of the County's Policy on Use of County Buildings for Child Care is:
 - a. To establish consistent and reasonable rental rates for child care in public buildings licensed from the County;
 - b. To establish responsibilities of the County and the Licensee; and
 - c. To establish priority placement for children of County employees; and
5. The Licensee is licensed or certified by the State of Maryland or other bona fide certifying or licensing entity to provide child care services.

1. LICENSED PREMISES: The County does grant the Licensee the privilege, license and right to use approximately 4,095 gross square feet in the premises designated as Day Care Rooms 1, 2, and 3; office and kitchen space, staff toilet and

indoor and outdoor storage located at Thurgood (the "Licensed Premises"), as cross-hatched on the attached **Exhibit A**, for the exclusive purpose of providing the child care services described in the Provider's Childcare Proposal attached as **Exhibit B** and incorporated as if fully set forth (the "Program"). The Licensed Premises shall be delivered to the Licensee in "as is" condition.

2. LICENSE TERM: The term of this License shall commence approximately on or about July 1, 2015 and shall expire on June 30, 2019 (the "License Term"). This License may be terminated at any time during the License Term or any extension of the License Term by the County upon thirty (30) days written notice to the Licensee, unless the Licensee's license or certification to operate a Child Care Center is suspended or revoked by the issuing entity, in which case the County is not required to provide thirty (30) days written notice to the Licensee. The County is under no obligation to provide alternative space for the Licensee and is not responsible for any moving costs or any expenses incurred by the Licensee as a result of the termination or expiration of this License for any reason. The Parties agree that the License shall only be terminated or revoked by the County on the terms expressly set forth in this License.

3. RENEWAL OPTION: The Licensee may, at its option, extend the License Term for one (1) additional three (3) year term (the "Renewal Term"), provided that: (a) the Licensee has submitted its monthly license fee payment on time; (b) the Licensee has maintained its compliance with all licensing requirements of the Program, whether state, local or federal; (c) the Licensee is using all reasonable efforts to obtain in a timely fashion its accreditation of its Program by the National Association for the Education of Young Children ("NAEYC") or by Maryland State Department of Education ("MSDE") or the Licensee is currently maintaining its accreditation of its Program by NAEYC or by the MSDE; (d) the Licensee is maintaining the Licensed Premises, including the playground area, in good condition and repair and free of clutter; (e) the Licensee is not in default of any other provisions of this License; (f) the License is in full force and effect; (g) the County has not given the Licensee notice of the County's intention to terminate the License; (h) the Licensee's license to operate a Child Care Center has not been revoked or suspended by the issuing entity; and (i) the Licensee provides the County with written notice that the Licensee intends to exercise Licensee's option to extend the License Term, one hundred and twenty (120) days prior to the expiration of the current

License Term. Licensee shall be required to submit an updated insurance certificate within thirty (30) days after the renewal of this License. TIME IS OF THE ESSENCE FOR THE LICENSEE'S NOTICE TO THE COUNTY.

4. LICENSE FEE AND ADDITIONAL LICENSE FEE:

A. License Fee: Beginning with the License commencement date, the Licensee will pay to the County as a License Fee, Nine Dollars and Fifty-Six Cents (\$9.56) per square foot for an annual rate of Thirty Nine Thousand One Hundred Forty-Eight Dollars and Twenty Cents (\$39,148.20) payable in equal monthly installments of Three Thousand Two Hundred Sixty-Two Dollars and Thirty-Five Cents (\$3,262.35). All payments are to be made in advance on the first day of each month during each license year, and shall be payable by check to:

Montgomery County, Maryland
Department of General Services
Office of Real Estate
P.O. Box 9464
Gaithersburg, Maryland 20898-9464.

B. License Fee Increase: Commencing with January 1, 2016 and on the 1st of January thereafter during the License Term, and any Renewal Term, the County will establish the License Fee rate to be paid by the Licensee for July 1 of the following year, by determining the average per square foot operating cost for all childcare facilities operated and maintained by the County. For purposes of this License, operating costs shall include, but not be limited to, the following:

1. Utilities;
2. Janitorial – At the same level provided to other Montgomery County Board of Education properties.
The Licensee must perform day to day

- programmatic clean up (spills, crumbs, sand, food preparation areas, etc.);
3. Maintenance (major and minor);
 4. Pest control;
 5. Snow removal;
 6. Grounds maintenance;
 7. Fire Extinguishers;
 8. Trash removal, recycling;
 9. Renovations as required to meet State licensing regulations; and
 10. Security in the form of locking the facility.

C. Additional License Fees: In addition to the License Fee payable under Paragraph 4 (A), the Licensee shall pay to the County a share of the cost of debt service incurred by the County as a result of improvements and renovations to child care facilities operated and maintained by the County as an Additional Licensee Fee (the "Additional License Fee"). The Additional License Fee shall be equal to One Dollar and Seventy-Nine Cents (\$1.79) per square foot for an annual rate of Four Thousand Ninety-Six Dollars and Seventy-Nine Cents (\$4,096.79) payable in equal monthly installments of Three Hundred Forty-One Dollars and Thirty-Nine Cents (\$341.39).

The Additional License Fee shall be due and payable in the same manner and on the same day as the License Fee. The cost of debt service shall be determined annually by (1) adding all Capital Improvement Program costs for all County-owned and County-maintained child care facilities; (2) multiplying the total cost by the average effective annual repayment rate for twenty (20) year bonds; and (3) dividing that result by the total square footage allocated to the county maintained child care facilities.

D. Waiver of Additional License Fees: Pursuant to the Policy on Use of County Buildings for Child Care, attached hereto and made a part hereof, as **Exhibit C**, a waiver on the repayment of debt service and the

Additional License Fee, as stated above in Paragraph 4(C) shall be granted by the County to the Licensee provided that Fifty-one percent (51%) or more of families served by the Licensee are eligible for or enrolled in the State of Maryland or Montgomery County subsidy programs.

E. Failure to Pay License Fees: If the Licensee fails to submit the monthly License Fee or Additional License Fee payments in the manner as provided for above (collectively the "License Fee Payment"), and if the failure continues for more than ten (10) calendar days after the first day of the month for which the License Fee Payment is due and payable, the Licensee will pay to the County, in addition to and as a part of the License Fee Payment in question, a late penalty of five percent (5%) of the monthly Licensee Fee Payment. If the Licensee's failure to pay continues for more than twenty (20) calendar days after a monthly payment becomes due and payable the Licensee will pay to the County, in addition to and as a part of the License Fee Payment in question, a late penalty of fifteen percent (15%) of the monthly License Fee Payment. If the Licensee's failure to pay continues for more than thirty (30) calendar days after a monthly License Fee Payment becomes due and payable, the County will have the right to terminate this License Agreement, recover possession of the Licensed Premises and pursue any other legal remedies available to the County under all applicable federal, state and local laws.

5. USE OF THE LICENSED PREMISES:

A. The Licensee must use the Licensed Premises only for the provision of infant and child care services and those activities related to such services.

B. The Licensee must abide by any and all rules and regulations concerning the operation of its Program, which may, from time to time, be issued by the County. The Licensee agrees to abide by any and all rules and regulations concerning the operation of

the building of which the Licensed Premises are a part, which may from time to time, be issued by the County or the owner operator of the building.

C. The Licensee must implement its Program in the manner set forth in the Providers Child Care Proposal and in its presentation to the Child Care Selection Committee.

D. The Licensee must implement its Program in accordance with any and all applicable state, local and federal laws pertaining to the operation of Child Care Centers and must maintain its license or certification to provide such services in accordance with the requirements of the entity issuing such license or certification.

6. ASSIGNMENT: The Licensee must not assign, transfer, mortgage or otherwise encumber this License or sublet or rent (or permit a third party to occupy or use) the Licensed Premises or any part of the Licensed Premises.

7. USE OF OUTDOOR PLAYGROUND AREAS: The Licensee shall have access to and the right to use the outdoor playground areas (if any) adjacent to the Licensed Premises when used by the Licensee in connection with its Program and during its normal hours of operation. Repair, maintenance and replacement of playground equipment will be the responsibility of the party that provided such playground equipment as described on the Licensed Premises Equipment Inventory attached as **Exhibit D**.

8. LICENSED CAPACITY: The Licensee acknowledges and agrees that the Licensed Premises can be licensed for no more than the maximum number of children permitted by the Maryland State Department of Education Office of Child Care Licensing. The Licensee agrees that a Certificate of Licensed Capacity will be posted in the Licensed Premises at all times.

9. PRIORITY PLACEMENT: The Licensee must provide children of County employees with priority placement in the Licensee's Program.

10. SPECIAL CONDITIONS: In addition to establishing priority placement for children of County employees, the Licensee must:

A. Comply with the Americans with Disabilities Act and all federal, state and local laws regarding providing access and services to disabled persons for the interior of the Licensed Premises and is not related to the building which is Licensor's responsibility;

B. Share its Program enrollment data with the County;

C. Accept children whose parents participate in state or local subsidy programs;

D. Maintain reports relating to the Licensee's license(s) or certification(s) as a child care provider for inspection and evaluation for County and parental review;

E. Maintain compliance with all licensing requirements of its Program, whether state, local or federal; and

F. Obtain in a timely manner and then continue to maintain accreditation of its Program by the Maryland State Department of Education or the National Association for the Education of Young Children.

11. IMPROVEMENTS AND ALTERATIONS: The Licensee must not permit or undertake any alterations, changes, improvements, or additions to the Licensed Premises without the prior written consent of the County ("Licensee's Work"). In order to secure the County's approval of any Licensee's Work, the Licensee must submit to the County written plans and specifications clearly setting forth Licensee's Work to be performed. The plans and specifications for Licensee's Work submitted by the Licensee

to the County must demonstrate compliance with all applicable codes and regulations. The County will respond in writing to the Licensee within forty-five (45) days from receipt of said plans and specifications for Licensee's Work. The County may impose any reasonable conditions to its consent, including, but not limited to (1) delivery to the County by the Licensee of written or unconditional waivers of mechanic's and materialman's liens as to the Licensed Premises or the premises of which the Licensed Premises are a part, for all work, labor and services to be performed and materials to be furnished, signed by all contractors, subcontractors, materialmen and laborers participating in the alterations; (2) prior approval of the plans and specifications and the Licensee's contractors with respect to any Licensee's Work; and (3) the right of the County's representatives to inspect any Licensee's Work during the course of any Licensee's Work to be performed to the Licensed Premises or the premises of which the Licensed Premises are a part. Licensee's Work must conform to the requirements of the County's insurer and of the federal, state and local governments having jurisdiction over the premises of which the Licensed Premises are a part, and must be performed in accordance with the terms and conditions of this License in a good and workmanlike manner and shall not adversely affect the value, utility, or character of the Licensed Premises or the premises of which the Licensed Premises are a part. Notwithstanding the foregoing, if any mechanic's or materialmen's lien is filed against the Licensed Premises or the premises of which the Licensed Premises are a part, for work claimed to have been done for, or materials claimed to have been furnished to or for the benefit of the Licensee, such lien must be discharged of record by the Licensee within sixty (60) days of payment or the filing of any bond required by law. If the Licensee fails to discharge any such lien, the County may (but is not obligated to) discharge the same, the cost of which must be paid by the Licensee upon demand by the County.

The County reserves the right to reject, in its sole discretion, any Licensee's Work proposed by the Licensee. The County will inspect the Licensed Premises upon completion of Licensee's Work to determine adherence to submitted plans and specifications. In the event that Licensee's Work is not reasonably satisfactory to the County, the Licensee must undertake any necessary corrections, at the Licensee's sole risk and expense. Once the consent of the County has been obtained to perform Licensee's Work, the Licensee will be responsible for the acquisition of any and all necessary permits and for the observation of all building and zoning ordinances and

regulations then in effect. The Licensee's failure to adhere to any such applicable ordinances or regulations shall be deemed to be a violation of this License Agreement. The cost of any Licensee's Work shall be borne solely by the Licensee.

12. SERVICES:

A. The Licensee, at its risk and expense, will be responsible for the provision of telephone services to the Licensed Premises, as deemed necessary by the Licensee.

B. The County will be responsible, through the Montgomery County Board of Education, for providing to the Licensed Premises regular janitorial services on County workdays as specified in Article 4, Paragraph (B), including refuse removal, recycling, and pest control. Any janitorial services beyond regular County services will be the responsibility of the Licensee. If pest control is required after normal working hours, the Licensee or the Licensee's representative must be available if requested by the County.

C. The County will provide fire extinguishers where needed.

D. The County will be responsible for the payment of utilities necessary for the operation of the building (if applicable) of which the Licensed Premises are a part.

E. The County will be responsible for maintenance of the grounds immediately adjacent to the building of which the Licensed Premises are a part.

F. The County will be responsible for snow and ice removal or treatment of walkways and the parking areas, as it becomes necessary.

G. The County will deliver an ADA compliant Licensed Premises and will be responsible for all renovations required to meet state licensing regulations.

H. The County will be responsible for major structural repairs, and maintenance and repair of the building's mechanical systems.

I. The License Premises will have air conditioning and heat in the License Premises at the same level as provided to the Thurgood Elementary School

J. The County and the Licensee agree that the County's maintenance responsibilities, as set forth in items (B), (C), (D), (E), (F), (G), (H) and (I) of this Section will be performed by the County, through the Montgomery County Board of Education, at the County's expense. On days when the County is not required to provide such services, and the Licensee chooses to continue its use of the Licensed Premises it shall do so by contacting directly with the Inter-Agency Coordinating Board ("ICB") for necessary support services. It will be the responsibility of the Licensee to pay for such additional support services on the days that the County or the Montgomery County Board of Education are not required to provide such services either directly to the ICB or through the County. The address of the ICB is 255 Rockville Pike, Suite 201, Rockville, Maryland 20850. Main Office Number: 240-777-03114.
cupf@montgomerycountymd.gov

13. FIXTURES AND EQUIPMENT: All items which are attached to the building, or are a part of the building's systems at the time the Licensed Premises are delivered to the Licensee, must remain with the building and shall be delivered to the Licensee along with the Licensed Premises. Plumbing, electrical and heating fixtures and all other fixtures, except trade fixtures, installed by the Licensee shall remain in the Licensed Premises at end of term. All other items installed within the Licensed Premises at the Licensee's expense shall remain the property of the Licensee and shall be removed by the Licensee at the expiration or other termination of this License. The Licensee must repair any damage caused by reason of the removal of the Licensee's property. Any personal property remaining within the Licensed Premises after termination of the

License will become property of the County. The County will dispose of any such property in the manner it deems appropriate.

14. LIABILITY, PROPERTY DAMAGE AND FIRE INSURANCE:

A. Insurance: The Licensee agrees to obtain and maintain, during the full term of this License, any Renewal Terms, and until all of the Licensee's obligations which survive termination of this License have been completed, a policy or policies of insurance issued by an insurance company or companies licensed in the State of Maryland and acceptable to the County containing the types of insurance coverages and limitations set forth in the Insurance Requirements, attached hereto as Exhibit E, which is incorporated by reference and made a part of this License Agreement.

B. Licensee's Owned Contents: The Licensee must provide evidence of property, fire, theft and vandalism coverage for their owned contents and any improvements to the Licensed Premises. Coverage shall be on a replacement cost basis for "all risks of direct physical loss or damage except as specifically excluded." The County does not provide any coverage for Licensee's owned contents and improvements to the Licensed Premises.

C. County's Insurance: The County will maintain its normal fire and liability insurance on the Licensed Premises. The County reserves the right to self-insure.

D. Certificate of Insurance: The Licensee must, within thirty (30) days from execution of this License Agreement, deliver to the County a certificate(s) of insurance evidencing the coverages required under this License Agreement. The certificates must be issued to: Montgomery County, Maryland, Department of General Services, Office of Real Estate, 101 Monroe Street, 9th Floor, Rockville, Maryland 20850.

E. Additional Insured: The Licensee's General Liability Policy must list Montgomery County, Maryland as an additional insured and all insurance policies obtained by the Licensee as required by this License Agreement must provide that the Licensee will give the County written notice of amendment, cancellation, termination or non-renewal, no later than forty-five (45) days prior to amendment, cancellation, termination or non-renewal. The Licensee must provide on an annual basis evidence that is satisfactory to the County of the insurance coverages required under this License Agreement.

F. Subrogation: If a casualty or other occurrence which should be covered by the insurance required by this License Agreement occurs, the Licensee must look solely to its insurer for reimbursement and the Licensee must ensure that such insurance is so written that the Licensee's insurer waives all rights of subrogation and shall have no cause of action against the County, its agents, or employees as a result of such casualty or occurrence. The Licensee waives and releases all right of recovery which it might otherwise have against the County or its agents or employees by reason of any loss or damage resulting from such casualty or other occurrence, to the extent that the Licensee would be covered by insurance if the Licensee complied with the requirements of this License Agreement pertaining to insurance.

G. Security System: In the event the County engages the services of a professional security system for the Licensed Premises or the premises of which the Licensed Premises are a part, it is understood that such engagement in no way increases the County's liability for occurrences and/or consequences which such a system is designed to detect or avert and that the Licensee must look solely to its insurer as set forth above for claims for damages or injury to any person or property.

15. HOLD HARMLESS: The Licensee agrees to hold harmless and defend the County from and against any and all claims of liability, actions, damages and

expenses arising out of or related to the Licensee's breach of this License Agreement or use or possession of the Licensed Premises occasioned wholly or in part by any act or omission of the Licensee, its agents, contractors, guests or employees, except such claims arising solely from the negligent acts or omissions of the County, the County's employees, agents and contractors. The Licensee further specifically agrees to hold the County harmless and defend the County from and against any claim of public liability made in connection with any construction or installation of equipment performed by the Licensee, its agents, employees or contractors, within the Licensed Premises, notwithstanding that any such construction or equipment may or may not be deemed to be a part of the Licensed Premises, or such construction or installation of equipment shall have been approved by the County.

16. RESPONSIBILITIES OF LICENSEE: The Licensee covenants and agrees as follows:

A. The Licensee must not keep gasoline or other flammable material or any explosive within the Licensed Premises which will increase the rate of fire insurance on the Licensed Premises beyond the ordinary risk established for the type of operations described in Article 5. Any such increase in the insurance rate due to the presence of gasoline, other flammable material or explosives, or due to the Licensee's operations within the Licensed Premises, must be borne solely by the Licensee. The Licensee must not willfully do any act or thing in or about the Licensed Premises which may make void or voidable any insurance on the Licensed Premises or the premises of which the Licensed Premises are a part, and the Licensee must conform to all rules and regulations established from time to time by the County, the Maryland Insurance Rating Bureau, or any other authority having jurisdiction over such matters.

B. The Licensee must not use or allow the Licensed Premises or any part of the Licensed Premises to be used for any illegal, unlawful or improper purpose or for any

act or thing that may be a nuisance, annoyance, inconvenience, or cause damage to the Licensed Premises, the premises of which the Licensed Premises are a part, adjacent properties or the adjacent neighborhood. The Licensee agrees that it will supervise and conduct its activities in a manner to ensure no disruption to the learning environment of the school, school activities or operations.

C. The Licensee must not place upon the Licensed Premises any placard, sign, lettering or awning except in such place and manner as shall have been first approved in writing by the County.

D. The Licensee acknowledges that all responsibilities of the Licensee relating to the use or misuse of the Licensed Premises shall be construed to include use or misuse of the Licensed Premises by the Licensee's agents, employees, patrons and residents.

E. The Licensee must not have animals in or about the Licensed Premises. This provision does not limit the Licensee or the Licensee's clients, employee's or guest's right to have bona fide service animals on the Licensed Premises. The Licensee is solely responsible for the proper care of service animals in the Licensed Premises and in keeping the Licensed Premises clean and free of debris and waste associated with the care and feeding of service animals.

F. The Licensee must comply with all rules and regulations with regard to the use of the Licensed Premises that may be from time to time promulgated by the County or the Montgomery County Board of Education. Any violation of said rules and regulations will be deemed to constitute a violation of this License. It is understood that such rules and regulations will not unreasonably interfere with or prevent the intended uses of the Licensed Premises as set forth in this License.

G. The Licensee must maintain in good condition, and promptly and diligently repair any damage to (or replace if reasonably necessary in the circumstances), any trade fixtures, except as provided for in Article 12.

H. The Licensee must close and lock all entrance doors and windows in the Licensed Premises when the Licensed Premises are not in use. Further, before closing and leaving the Licensed Premises at any time, the Licensee must close all windows and doors and secure the Licensed Premises. The Licensee must not place any additional locks or bolts of any kind upon any of the entrance or interior doors or windows. The Licensee must not change any existing locks without prior written approval of the County. In the event an approved change is made to the existing locks, the Licensee must provide the County with keys to the new locks. Upon the termination of this License Agreement, the Licensee must return all keys of the building, offices, and bathrooms, either furnished to, or otherwise procured by, the Licensee to the County. In the event of the loss of any keys provided to the Licensee, the Licensee must pay the County the cost such keys and/or locks.

I. The Licensee must establish and post in the Licensed Premises an appropriate fire evacuation plan and hold fire drills as required. All occupants of the Licensed Premises must be trained regarding the safe and proper operation of all appliances and equipment in the Licensed Premises.

J. The Licensee is responsible for on site management of the Licensed Premises and must keep posted, in a conspicuous place within the Licensed Premises, the Licensee's responsibilities and obligations as specified in Articles 12 and 16 of this License. The Licensee must keep a copy of this License at the Licensed Premises and ensure the Licensee's on site representative is adhering to the terms and conditions of this License.

K. The Licensee must indemnify, defend and hold the County and the County's other tenants, licensees, agents and employees (together the "Indemnities") harmless from and against all liabilities, obligations, damages, judgments, penalties, claims, costs, charges and expenses, including, without limitation, reasonable architects' and attorney's fees, which may be imposed upon, incurred by, or asserted against any of the Indemnities and arising, directly or indirectly, out of or in connection with (i) The Licensee's breach of its obligations under this License; (ii) the acts or negligence of the Licensee, its agents, contractors, and employees in the premises or on the Licensed Premises; and (iii) the use or occupancy of the Licensed Premises, and by the Licensee, its agents, servants, employees and contractors. In case any action or proceeding is brought against any of the Indemnities by reason of any of the foregoing, the Licensee must reimburse the County the cost of defending such action or proceeding, or upon the County's written demand and at the Licensee's sole cost and expense, the Licensee must defend such action and proceeding by counsel approved by the County. Licensee shall have no liability under this paragraph to the extent any matter described herein results from the negligent acts or omissions of the County or the County's employees or contractors.

L. The Licensee must not strip, overload, damage, or deface the Licensed Premises or any part of the premises of which the Licensed Premises are a part, including, but not limited to, hallways, stairways, or elevators. The Licensee will not permit any waste to, in or upon the Licensed Premises or any part of said building.

M. The Licensee must not permit any trade or occupation to be carried on or use made of the Licensed Premises outside the scope of this License (Article 5). Further the Licensee agrees to and must obey any and all federal, state, county and local laws and regulations relating to their operation of business on and in the Licensed Premises and premises of which the Licensed Premises are a part.

N. The Licensee must not move any furniture or equipment which is the property of the County into or out of the Licensed Premises without the County's prior written consent.

O. The Licensee must pay all of its bills and expenses relating to its use of the Licensed Premises on time and must not permit any disruption in any service, including but not limited to, utilities, to any portion of the Licensed Premises.

P. The Licensee agrees to provide all paper towels, hand soap and toilet tissue in its restrooms, if the restrooms are located within the Licensed Premises.

Q. The Licensee agrees to take appropriate measures to conserve and efficiently use energy and other resources (i.e., heat, cooling, water, and utilities). The Licensee agrees to abide by the Montgomery County Board of Education's standards, policies, rules and regulations for operating and maintaining schools attached hereto and incorporated herein, as Exhibit F, "Resource Conservation Policy and Guidelines".

R. The Licensee agrees to abide by emergency orders requiring that the school facility or school facilities and central offices be closed, during which time no programs will operate in the school.

S. The Licensee agrees that the County and the Board of Education have the authority to review the records of the Maryland Child Care Administration relating to Licensee's operation as permitted by law.

T. The Licensee verifies and acknowledges that the person executing this License on behalf of the Licensee has the legal authority to bind the Licensee to the duties and obligations set forth in this License. The Licensee further verifies and acknowledges

that such person's signature creates a binding obligation on the part of the Licensee for the term of this License.

U. The Licensee verifies and acknowledges that it is in good standing and/or qualified to do business in the State of Maryland.

V. The Licensee agrees to and must perform any and all obligations under this License in a timely manner.

X. Upon removal of the Licensee's property from the Licensed Premises, the Licensee at its sole expense must repair any damage to the Licensed Premises caused by such removal so that the Licensed Premises are in substantially the same condition as at the commencement of the License Term, reasonable wear and tear excepted.

17. DESTRUCTION OF LICENSED PREMISES:

A. In the event of damage to or destruction of the Licensed Premises or any part of the Licensed Premises by fire, storm, flood or other casualty which does not require the Licensee to suspend entirely its business, the County shall, as soon as practicable after said damage or destruction, repair and restore the Licensed Premises to the condition they were in immediately prior to said damage or destruction. Should such damage or destruction of said premises or any substantial part of the Licensed Premises render the Licensed Premises wholly unavailable for use by the Licensee for use as a child care facility, the County shall promptly begin and diligently pursue the repairing, restoration and rebuilding of the Licensed Premises as nearly as possible to the condition they were in immediately prior to such damage or destruction or with such changes or alterations as the County may determine appropriate. In the alternative, the County may terminate this License within thirty (30) days following the date of the destruction of the Licensed Premises as described above by sending a termination notice to the Licensee.

B. In the event of damage to or destruction of fifty percent (50%) or more of the building of which the Licensed Premises are a part, the County may elect not to restore the said building and this License shall automatically terminate and the Parties shall be discharged from all responsibilities arising under this License.

18. DEFAULT: The Licensee shall be considered in default of this License Agreement and the County may terminate this License Agreement upon the occurrence of any of the following:

- i. Failure to perform under any term, covenant or condition of this License;
- ii. The commencement of any action or proceeding for the dissolution or liquidation of the Licensee, or for the appointment of a receiver or trustee of the Licensee's property;
- iii. The making of any assignment for the benefit of the Licensee's creditors;
- iv. The abandonment of the Licensed Premises by the Licensee;
- v. The revocation or suspension of the Licensee's license or certification as a child care provider by the issuing entity; and
- vi. Any other default or breach of the terms and conditions this License.

With respect to any matters described in (i) and (vi) of this Section 18 that does not involve the payment of money to the County, Licensee shall have a period of fifteen (15) business days following written notice from the County to cure such default.

19. EMINENT DOMAIN: The Licensee is not entitled to any condemnation award granted to the County as owner of the Licensed Premises. In the event that the

Licensed Premises shall be taken by any governmental or quasi-governmental authority pursuant to its power of eminent domain or sold under threat of such taking, the Licensee will not be entitled to recover from the County any capital expenditures for improvements and betterments made by the Licensee to the Licensed Premises at the Licensee's expense.

20. RIGHT OF ENTRY:

A. Routine Repairs and Inspection: The Licensee must permit the County, its agents or employees, at reasonable times and upon reasonable prior notice (not less than 1 days/24hours prior notice) to enter the Licensed Premises without charge and without diminution of License Fee payments to: (1) examine, inspect and protect the Licensed Premises; (2) to perform maintenance and repairs the County may in its sole discretion consider necessary or desirable; and (3) to exhibit the Licensed Premises to prospective purchasers, tenants, licensees or to present or future mortgagors.

B. Emergency Access: In cases of emergency involving imminent risk of injury or death to persons or damage to property, the County, its agents or employees without prior notice to the Licensee, may enter the Licensed Premises, however the County will attempt, but is not required to notify the Licensee of any such entry under this section as soon as is practicable under the circumstances.

21. RETURN OF LICENSED PREMISES:

A. At the conclusion of the License Term as set forth in Article 2, or following the termination of this License for any other cause, the Licensee must remove all of the Licensee's goods and effects from the Licensed Premises and return to the County all keys, locks, and other fixtures belonging to the County, in good repair, reasonable wear and tear excepted.

B. The Licensee must return the Licensed Premises to the County in the same condition as received at the beginning of the License Term, in "broom clean" condition, reasonable wear and tear excepted.

C. In the event that Licensee's property is not removed from the Licensed Premises within seventy-two (72) hours after the termination of this License, the property remaining will become the property of the County.

D. Following termination of this License, the Licensee must remove any and all signs erected by or on behalf of the Licensee and must pay for or repair any damage caused by the installation or removal of such signage.

E. At the time of termination of this License and at the County's option, the Licensee must participate in a walk-through with the County's agent or employee to inspect the Licensed Premises.

22. NOTICE OF ACCIDENTS, DEFECTS OR DAMAGES: The Licensee must give the County prompt verbal notice of accidents in or damages to the Licensed Premises and, within twenty-four (24) hours following the occurrence of such accident or damage, the Licensee must follow-up with a detailed written report to the County of such accidents or damages.

23. COMPLIANCE WITH LAWS: It is understood, agreed and covenanted by and between the Parties that the Licensee, at the Licensee's expense, will promptly comply with, observe and perform all of the requirements of all of the codes, statutes, ordinances, rules, orders and regulations now in effect or later promulgated whether required by the Federal Government, State of Maryland, Montgomery County Government and the municipality in which Licensed Premises are located, Montgomery County Department of Environmental Protection or Montgomery County Fire Marshal's Office.

24. WAIVER: The waiver of at any time by either of the Parties of any particular covenant, condition, obligation, or duty under this License shall extend to the particular case only, and for the particular time and in the particular manner specified, and such waiver must not be construed or understood as waiving any further or other rights of either Party.

25. NON-DISCRIMINATION: The Licensee agrees to comply with the non-discrimination in policies in County contracts as required by Section 11B-33 and Section 27 of the Montgomery County Code (2004), as amended, as well as all other federal, state and local laws and regulations regarding employment discrimination. By signing this License Agreement, the Licensee assures the County that in accordance with applicable law, it does not, and agrees that it will not engage in any discrimination in violation of the above sections of the Montgomery County Code as well as any other federal, state or local laws, rules and regulations.

26. PUBLIC EMPLOYMENT: The Licensee understands and agrees that unless authorized under Sections 11B-52 and Chapter 19A of the Montgomery County Code (2004), as amended, that it is unlawful for any person or entity transacting business with Montgomery County, Maryland, to employ a public employee for employment contemporaneous with his or her public employment.

27. MAILING NOTICES: All notices required or desired to be given in accordance with this License by either party must be given by first class mail with a nationally recognized receipted delivery service, postage prepaid, addressed to the County or the Licensee, respectively. Notices to the Parties must be addressed as follows:

Licensee:
Bart-T Holding, Inc.
Suite 203
18753 N. Frederick Rd.
Gaithersburg, Maryland 20879
Attn: Debbie Diederichsen

County:
Montgomery County, Maryland
Office of Real Estate
Department of General Services
101 Monroe Street, 9th Floor
Rockville, Maryland 20850
Attn: Director of Real Estate

With a copy, that does not constitute Notice to:

Bar-T Holding, Inc.
Suite 203
18753 N. Frederick Ave.
Gaithersburg, Maryland 20879
Attn: Tyler Cureton, CFO

Montgomery County, Maryland
Office of the County Attorney
101 Monroe Street, 3rd Floor
Rockville, Maryland 20850
Attn: County Attorney

28. RESIDENT AGENT: The Resident Agent for the Licensee is Debbie Diederichsen, and its address for receipt of notices and service of process is Bar-T Holding, Inc., Suite 203, 18753 N. Frederick Road, Gaithersburg, Maryland 20879. The Licensee must immediately notify the County of any change in resident agent or resident agent's address.

29. PROHIBITION OF HAZARDOUS SUBSTANCES: The Licensee agrees not to store or bring hazardous substances onto the Licensed Premises. The Licensee indemnifies the County against any and all claims of any personal injuries or personal and real property damage as a result of any hazardous substance being brought on the premises by the Licensee, its agents, contractors, employees or guests.

30. NON-APPROPRIATION: This License shall terminate automatically on July 1 of any year for which the County, for whatever reason does not appropriate funds to pay the County's obligations provided in this License. The Licensee shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items.

31. AMERICAN DISABILITIES ACT REQUIREMENTS: The County and the Licensee agree that any future modifications made to the Licensed Premises will be made in conformance with the requirements of the Americans with Disabilities Act, the Federal Fair Housing Act, and all safety and accessibility requested in Federal, State and County Laws and regulations. The Licensee must obtain all required permits to make any

modifications to the Licensed Premises and must comply with all applicable building and safety codes.

32. SEX OFFENDER LAW: The Licensee agrees to be in compliance with Maryland laws regarding registered sex offenders. A registered sex offender is prohibited from entering onto real property used for a public or non-public elementary or secondary school or on property on which is located a "a licensed child care facility" (§11-722 of Criminal Procedure Article, Md. Ann. Code (2008 Replacement Volume)). The Licensee shall require that any person/contractor/subcontractor that enters a contract to provide services at the Licensed Premises will not knowingly employ an individual to work at a school if the individual is a registered sex offender.

33. PESTICIDES USE IN SCHOOL: The Licensee agrees to be in compliance and to follow procedures regarding the regulations regarding integrated pest management in schools, labeled ECF-RB, entitled, "Pesticide Use in Schools", attached hereto and incorporated herein as Exhibit "G".

34. RECYCLING: The Licensee agrees to be in compliance and to follow procedures regarding the regulations regarding recycling in schools, labeled Regulation ECF-RC, entitled, "Recycling", attached hereto and incorporated herein as Exhibit "H."

35. CONTRACT SOLICITATION/BROKER'S FEES OR COMMISSIONS:
The Licensee represents that it has not retained anyone to solicit or secure this License from the County upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for bona fide employees or bona fide established, licensed, commercial selling or leasing agencies maintained by the Licensee for the purpose of securing business or an attorney rendering professional legal services consistent with the applicable canons of ethics of the profession.

36. FORCE MAJEURE: Neither Party will be deemed in default with respect to the performance of any terms, covenants, and conditions of this License if same shall be due to any strike, lockout, civil commotion, war-like operation, invasion, rebellion, hostilities, military or upsurged power, sabotage, inability to obtain any material or service, through natural or other cause beyond the control of either party; provided,

however, that this provision shall not excuse any non-payment of License Fees. For purposes of this provision, lack of funds shall not be considered a cause beyond the control of a Party.

37. ENTIRE AGREEMENT: This License (which contains and includes the Exhibits) is the entire agreement between the Parties, and no representations, inducements, or agreement, oral or otherwise, between the Parties not contained in this License shall be of any force or effect.

38. MODIFICATION: This License (other than the Rules and Regulations, which may be changed from time to time) must not be modified in any manner except by an instrument in writing executed by both Parties with the same formality as this License.

39. GOVERNING LAW: This License and its performance is to be governed, interpreted, construed and regulated by the laws of Montgomery County and the State of Maryland.

40. CLAIMS: Any action brought by or on behalf of either Party in connection with the performance of this License must be filed and maintained in a court of competent jurisdiction in Montgomery County, Maryland.

41. INDEMNITY BOND: Upon the request of the County, concurrent with the effective date of this License or at any time during the term of this License, the Licensee must obtain and maintain an executed miscellaneous indemnity bond in the amount of the annual rent for the current License Term to remain in full force and effect throughout the remainder of the License Term as security for the Licensee's faithful performance of all terms and conditions of this License. The County shall have the right, but not the obligation, to request such a bond from the Licensee. The County, in its sole discretion, may accept an appropriate substitute surety. The Licensee must, within fifteen (15) business days from the date of the request by the County, deliver to the County, the said surety, evidencing the coverage stated in this Paragraph. Failure to deliver the bond or surety as required is considered by the County to be a default under this License. The Parties agree that the Licensee shall only be required to obtain this Indemnity Bond following an uncured event of default as set forth in Paragraph 18 of this License.

42. PARKING: The Licensee has use of the parking facilities which are a part of the Licensed Premises as of the date of execution of this License, which use shall be determined by the current Principal. Parking for the Licensee and any other occupants of the building, their staff, clients and guests will be confined to the surfaced parking areas in existence as of the date of execution of this License.

43. INDEMNIFICATION: Any indemnification given in this License by the County is subject to the notice requirements and damages limitations stated in the Local Government Tort Claims Act, Md. Code Ann., Cts. & Jud. Proc. §§ 5-301, et seq. (2006 Repl. Vol.) (the "LGTC"); Md. Code Ann. Art. 25A, § 1A (2005 Repl. Vol.); and Md. Code Ann., Cts. & Jud. Proc. § 5-509 (2006 Repl. Vol.), (together the "County Indemnification Statutes"), all as amended from time to time, and that any indemnification given by the County in this License is not intended to create any rights or causes of action in any third parties or to increase the County's liability above the caps provided in the County Indemnification Statutes, as applicable.

44. REMEDIES. The rights stated herein and in the License are cumulative and not in limitation of any rights of the County or the Licensee granted in the License or available at law or in equity to the parties, all of which are expressly reserved.

45. ACKNOWLEDGMENT OF AUTHORITY. The County acknowledges that it has the power and the authority to enter into this License and that no consent from the Board of Education of Montgomery County is required in connection with the execution and delivery of this License Agreement by the Parties.

IN WITNESS WHEREOF, the Parties have caused this agreement to be properly executed.

WITNESS:

COUNTY:
MONTGOMERY COUNTY,
MARYLAND

By: Julie L White

By: Ramona Bell-Pearson
Ramona Bell-Pearson
Assistant Chief Administrative
Officer

Date: 8/21/15

WITNESS:

LICENSEE:
BART-T HOLDING, INC.

By: Charles Schuler

By: Tyler Cureton
Its: Tyler Cureton, CFO

Date: 7/29/15

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

RECOMMENDED

By: Alfred Neys

By: Cynthia L. Brenneman
Cynthia L. Brenneman, Director
Office of Real Estate

Date: 7/17/15

Date: 7/16/15

EXHIBIT B

BART-T HOLDING, INC. PROPOSAL

BAR-T HOLDING, INC.



**18753 N. Frederick Ave
Suite 203
Gaithersburg, MD 20879**

Tel. 301-674-8408

Fax. 301-948-6871

Contact Person: Debora Diederichsen

Email: DDiederichsen@Bar-T.com

Statement of Experience:

Bar-T opened its doors in 1985 to nine boys from Laytonsville Elementary with the goal of providing them with choices, interesting activities, and an opportunity to grow and discover their true potential. 29 years later, our family owned and operated business has grown into the largest for-profit childcare provider in Montgomery County Maryland, boasting 31 before and aftercare centers, 7 preschool classrooms, an outdoor education facility, and a brand new infant through school-aged facility in Reston, VA. Throughout the year, over 3,600 children walk through our doors and each night they leave enlightened, excited, and enriched.

Just like each community, each Bar-T center is unique. We allow and encourage our Directors to shape programming to suit the needs of their individual children. At one location you might have a guest presenter playing an instrument, while at another a staff member teaches a group of interested students the basics of American Sign Language. Though no Bar-T location is the same, at each one you'll find the family atmosphere and sense of professionalism that permeates everything we do. We feel that our mission statement gives great insight into the type of organization that we are:

The Mission of Bar-T is to provide a unique experience in all of the programs we offer.

We strive to treat all children and adults as individuals.

We provide choices, and we listen, show respect and keep everyone safe.

We help people remember they are of great worth.

With the scope of care that Bar-T offers, the years of experience we have, and the sense of community that we nurture, there is no better choice for the families at Thurgood Marshall than Bar-T.



BAR-T KIDS CLUB AT JONES LANE ES

15110 Jones Lane, Gaithersburg, MD 20878
BAR-T HOURS: 6:30am – 8:50am, 3:05pm-6:30pm
DIRECTOR: Kristen McCown
EMAIL: JonesLane@Bar-T.com
TELEPHONE: 240-654-7686
ENROLLMENT: Average of 40 school-aged children daily

BAR-T KIDS CLUB AT KENSINGTON PARKWOOD ES

4710 Saul Road, Kensington, MD 20895
BAR-T HOURS: 6:30am – 9:05am, 3:25pm-6:30pm
DIRECTOR: Sally Nottidge
EMAIL: Kensington@Bar-T.com
TELEPHONE: 301-674-2896
ENROLLMENT: Average of 103 school-aged children daily

BAR-T KIDS CLUB AT LAKEWOOD ES

2534 Lindley Terrace, Rockville, MD 20850
BAR-T HOURS: 6:30am – 8:50am, 3:05pm-6:30pm
DIRECTOR: Brandon Childers
EMAIL: Lakewood@Bar-T.com
TELEPHONE: 301-370-3713
ENROLLMENT: Average of 77 school-aged children daily
and 35 preschool children daily

BAR-T KIDS CLUB AT LAYTONSVILLE ES

21401 Laytonsville Road, Laytonsville, MD 20882
BAR-T HOURS: 6:30am – 9:15am, 3:30pm-6:30pm
DIRECTOR: Johan Matos
EMAIL: Laytonsville@Bar-T.com
TELEPHONE: 240-780-1414
ENROLLMENT: Average of 53 school-aged children daily

BAR-T KIDS CLUB AT MATSUNAGA ES

13900 Bromfield Road, Germantown, MD 20874
BAR-T HOURS: 6:30am – 9:15am, 3:30pm-6:30pm
DIRECTOR: Kira Scott
EMAIL: Matsunaga@Bar-T.com
TELEPHONE: 240-780-1416
ENROLLMENT: Average of 73 school-aged children daily
and 20 preschool children daily

BAR-T KIDS CLUB AT MILL CREEK TOWNE ES

17700 Park Mill Drive, Rockville, MD 20855
BAR-T HOURS: 6:30am – 8:50am, 3:05pm-6:30pm
DIRECTOR: Tony Kitsos
EMAIL: MillCreek@Bar-T.com
TELEPHONE: 301-674-3192
ENROLLMENT: Average of 31 school-aged children daily

BAR-T 2:40 CLUB AT NORTH BETHESDA MIDDLE SCHOOL

8935 Bradmoor Drive, Bethesda, MD 20817
BAR-T HOURS: 2:40pm-6:30pm
DIRECTOR: Tom Harkins
EMAIL: NorthBethesda@Bar-T.com
TELEPHONE: 301-370-0273
ENROLLMENT: Average of 25 middle school-aged children daily

BAR-T KIDS CLUB AT POOLESVILLE BAPTIST CHURCH

17550 W Willard Road, Poolesville, MD 20837
BAR-T HOURS: 6:30am – 9:15am, 3:30pm-6:30pm
DIRECTOR: Theodore Weatherby
EMAIL: Poolesville@Bar-T.com
TELEPHONE: 301-674-3194
ENROLLMENT: Average of 60 school-aged children daily
and 7 preschool children daily
BUILDING SERVICES MANAGER: Carl Adema
CONTACT: (240) 566-2946

BAR-T KIDS CLUB AT RACHEL CARSON ES

100 Tschiffely Square Road, Gaithersburg, 20878
BAR-T HOURS: 6:30am – 8:50am, 3:05pm-6:30pm
DIRECTOR: Pam Augustine
EMAIL: Rachel@Bar-T.com
TELEPHONE: 240-205-9292
ENROLLMENT: Average of 103 school-aged children daily.

BAR-T KIDS CLUB AT RITCHIE PARK ES

1514 Dunster Road, Rockville, MD 20854
BAR-T HOURS: 6:30am – 8:50am, 3:05pm-6:30pm
DIRECTOR: Merissa Dorsey
EMAIL: Ritchie@Bar-T.com
TELEPHONE: 240-477-9887
ENROLLMENT: Average of 95 school-aged children daily.

BAR-T KIDS CLUB AT ROCK CREEK VALLEY ES

5121 Russet Road, Rockville, MD 20853
BAR-T HOURS: 6:30am – 9:10am, 3:30pm-6:30pm
DIRECTOR: Fran Porter
EMAIL: RCValley@Bar-T.com
TELEPHONE: 240-751-6084
ENROLLMENT: Average of 55 school-aged children daily.



Belmont Elementary School
19528 Olney Mill Road
Olney, Maryland, 20832

December 8, 2014

To Whom it May Concern:

It is my pleasure to write this letter of appreciation for the strong collaboration Belmont Elementary School benefits from due to the efforts of our on-site Bar-T program. Our Bar-T pre-k program makes every effort to integrate the program into the Belmont community and life in a supportive manner that enriches our students' academic and social-emotional lives.

Program leaders show a genuine interest in the on-goings of the school. They take part in school activities such as assemblies and emergency preparation drills.

The program director keeps me informed to discuss successes of the Bar-T pre-k program and offer support in areas of school need. This enthusiasm adds to the positive school climate Belmont holds and parents often comment on their wonderful experience with the program.

As the newer principal to Belmont, Mr. France, the director of our program, has been an integral member of the Belmont community in assisting me in continuing our inviting friendly culture our school has traditionally held. If you would like more information, please feel free to contact me at 301-924-3140.

Sincerely,

Evan Pinkowitz
Principal

To Whom It May Concern,

Being a first time mom, I was very nervous and cautious about the day care program I chose for my son. I had to go back to work very soon after he was born which made things even harder.

When I found Bar-T Reston I knew it would be a great fit from the start. The teachers are constantly aware of his needs and juggle a busy classroom with ease. I know they are giving him the attention and work with him using their education and expertise to guide his advanced development. Not only is the staff in the entire building friendly and helpful, the center itself is run very professionally. It's great to see so many resources and materials that make learning, safety, and day to day functioning work so well.

To anyone that is needing care, no matter what age, I highly recommend this program and fully back the staff at every level. It can be a difficult transition for the child and parent, however, I can say that Bar-T Reston will make life much easier for your entire family

Sincerely,

Corey Hile

PART B: SCOPE

2. Ages and Number of Children: Explain in detail the proposed numbers and ages of the children to be served in the facility and how groups of children will be configured in the space available.

The capacity of the space is set at 74 children and 3 rooms for the programs' use. We propose the following set-up to serve the children in age-appropriate groupings:

- **Room 1: 4 year olds**
We will have a maximum of 20 children for the 4 year old Pre-Kindergarten program. There will be a staff-to-child ratio of 1:10 for this room.
- **Room 2- 2 year olds and 3 year olds**
This will be a mixed-age room following a staff-to-child ratio of 1:6. There will be a maximum of 30 children in this room.
- **Room 3- Infants and Toddlers**
This will also be a mixed-age room. There will be 12 infants and 12 toddlers in this room. The staff-to-child ratio for this room is 1:3.
- **Additional Space**
School-aged children will attend Bar-T in the All Purpose Room. Bar-T currently operates before and after school care at Thurgood Marshall Elementary through the ICB/CUPF Childcare Program in MCPS. Bar-T maintains a 1:12 staff-to-student ratio in the current program of 45 children. By utilizing this space, we are able to serve more early childhood families in Rooms 1-3 as the space is exclusively dedicated to them.



PART B: SCOPE

4. Special Populations: Describe specifically how the program will:

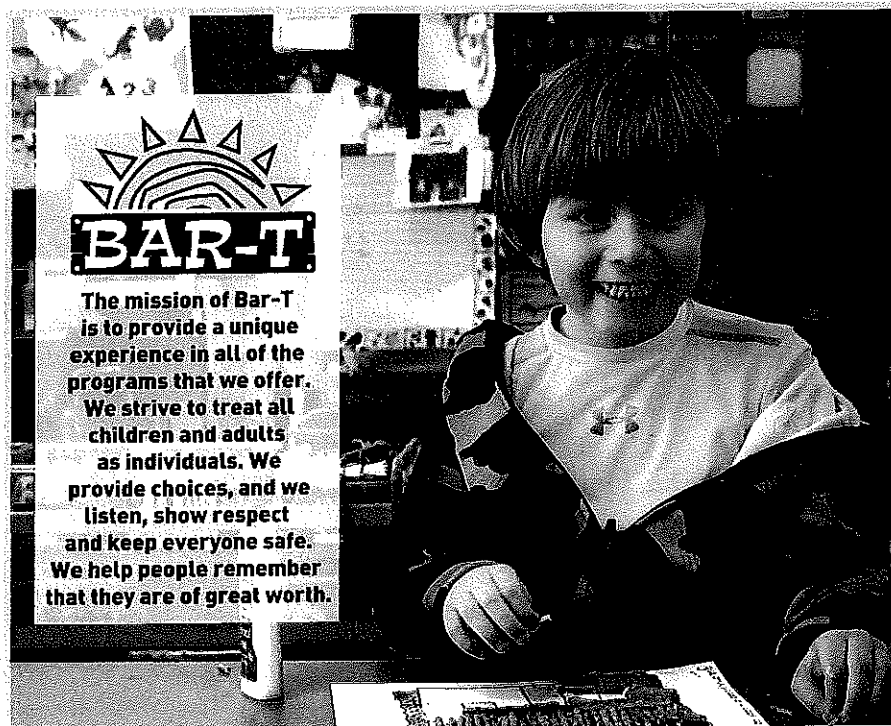
- a) Accommodate children who need part-time or occasional care;
- b) Recruit and accommodate children whose parents receive subsidies from the County (DHHS) and the State.
- c) Serve and accommodate children and families with special needs.
- d) Accommodate children and their families who have 'limited English proficiency'

a) Families of school-aged children can sign up for Bar-T with any combination of days and times that suit their needs. Prices are automatically adjusted according to the individual plan set by each family. For families that only need occasional care, drop-in care is available on an as-needed basis.

b) Bar-T accepts Working Parents Assistance and Department of Social Services vouchers for childcare. Having worked with these organizations for a number of years, we are familiar with their payment process and it does not affect our operation in any way.

c) Bar-T's priority is to serve all the children in your community, including those with special needs. At the time of enrollment of a special needs child, an assessment is completed with the parent or guardian. We will take the time to evaluate the specific needs of the child and work together to make a decision to see if Bar-T will be able to accommodate the family. In most cases, as long as it does not require Bar-T to unreasonably change the nature of the program, the child is enrolled.

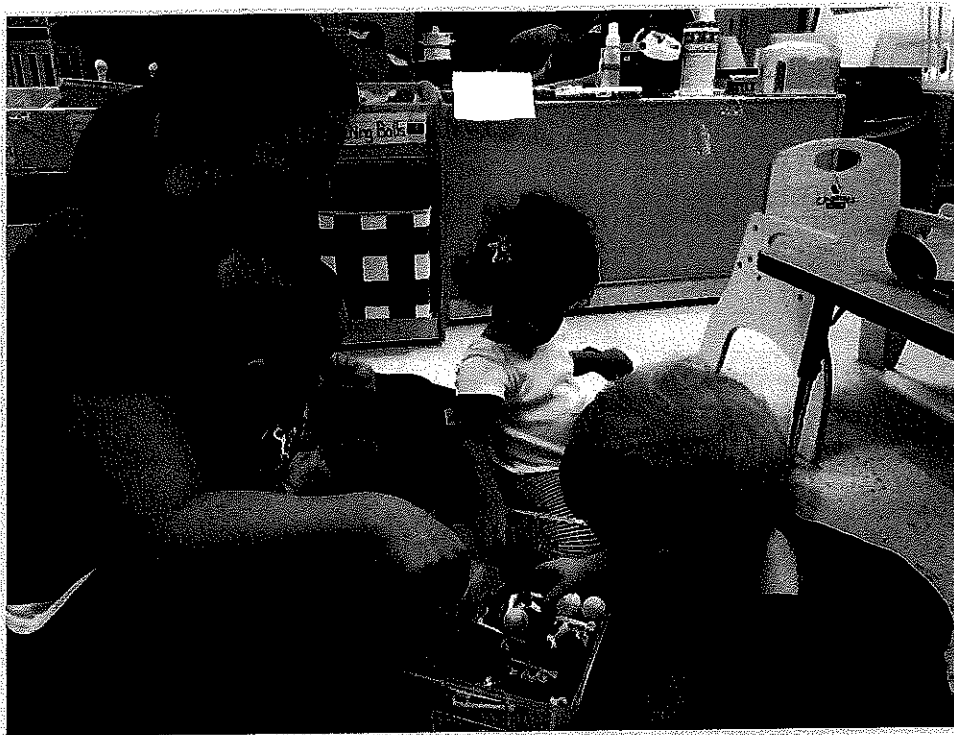
d) Bar-T prides itself on having a diverse team that reflects the needs of the communities that we serve. We have many bilingual staff members who are on hand to assist with customers who have limited English proficiency.



PART B: SCOPE

6. Provide a proposed time line for start-up so that the program can be operational by Spring/Summer Fall 2015, if applicable. If current tenant, discuss timeline for vacating if not re-awarded space, to include plan for continued care through the termination of license.

Timeline	Milestone
January/February	First week, file intent to operate with licensing in Maryland. Meet with Regional Director and staff from both facilities, create flyer for families. Open registration for families currently enrolled. End of February, file intent to operate with Maryland Office of Child Care.
March	Open House night for currently enrolled families to learn more about our program. OCC visits to measure space in order to determine total capacity. Fire Marshall will also come to do an inspection. Enrollment will continue. Begin process of placing lead teachers and assistants in Early Childhood program. Ordering of all furniture and supplies.
April/May	Parent Resource Calendar is sent out to all enrolled families in a Welcome packet. Phone line is installed in classrooms (licensing requirement). Supplies are being delivered directly to the school; set up will begin in the rooms as soon as the space is available. Staff orientation and Parent Open House will be held at each site the week before program opening.



PART C: BUDGET

1. A start-up budget which reflects appropriately furnishing and equipping the center for the number and ages of children to be served, if applicable, and a proposed operating budget for one year.

Please see Attachment A for the start-up budget and the operating budget.

- Approve purchases within established monthly petty cash budget

4. Supervise children in the day care

- Ensure children are supervised at all times
- Provide various experiences and activities for children including songs, games and story telling
- Provide opportunities for sleep and rest time
- Build children's esteem
- Establish routines and provide positive guidance
- Provide a safe and secure environment for children to feel comfortable
- Implement positive discipline when required
- Clearly and effectively communicate in a manner that children understand

5. Other duties as assigned

PART D: PERSONNEL

3. Describe a plan for staff orientation and on-going professional development for staff.

Ensuring that each member of our team is properly oriented is key in helping them have the tools and knowledge of the program to be successful. Each center has a Staff Orientation that is approved through the Office of Child Care. In this yearly orientation and/or new hire process, staff members are made aware of the following:

- Center Address and phone numbers
- Bar-T Main office address, phone numbers, and leadership staff information
- School Main office phone number and names of office staff
- All staff working at the center and their positions
- Which staff are CPR and 1st Aid certified (in our programs all staff are required to be up-to-date on these certifications)
- Which staff are Med Tech certified (all Directors, Assistant Directors, and Preschool and School Age Teachers are required to become and maintain Med Tech certification)
- Emergency Preparedness Procedures
- Locations of exits and routes to take in an evacuation
- Location of First Aid Kits
- Location of all child and staff files
- Alerting CPS and Licensing for suspected signs of abuse and neglect
- Steps to take when a child or staff is injured and medical attention is needed
- All allergies of children and staff and steps to take if medical attention is needed
- All children with medication and how to administer (only Med Tech staff can administer medication)

Because our programs participate in MSDE accreditation and the Maryland Excels program, our staff must go above Licensing's requirements for approved trainings. Bar-T is an approved training organization through the State of Maryland and offers Core of Knowledge trainings throughout the year to our staff. We also partner with The Treatment Learning Center to offer trainings for our Early Childhood staff. We currently have two certified CPR/1st Aid trainers in our organization and our Owner, Nancy Richardson, is a Registered Nurse and offers trainings to our staff that are related to the medical field. With the exception of CPR/1st Aid, all of the trainings that we offer are given to employees free-of-charge.

As stated in our Mission, we treat all children and adults as individuals. That said, each Site Director works specifically with each staff member to ensure they are getting trainings in their development areas and tracks trainings on the Child Care Center Staff Professional Development Plan for Continued Training form.



PART E: PARENT INVOLVEMENT

1. Sample flyer and/or advertisement of the program offered or to be offered.

See Attachment C.

PART E: PARENT INVOLVEMENT

3. Plan for parent access to facility, plan for parent communication and a statement of philosophy of the role of parents.

We maintain an open door policy at all times. Parents are encouraged to visit and participate with their children frequently. We maintain constant interaction with our families through the following methods:

- Back to Bar-T Night at the beginning of the year where staff will walk parents through a typical day at Bar-T and answer any questions they might have.
- Parents are invited to be part of our Parent Council, which meets twice a year. The purpose of the Council is to give parents a forum through which they can give ideas, state concerns, and offer suggestions to help us modify aspects of our programs to better serve the needs of both parents and children.
- Bar-T maintains a Facebook page, which includes features on special event, outstanding activities, and important information such as weather related closings.
- Constant Contact is our on-line survey service we use within our programs to ensure that we are meeting the needs of our families.
- Site Director partners with PTA events and attends PTA meetings quarterly.
- A monthly newsletter is sent out from the owner, Nancy Richardson

We encourage our parents to be candid with our staff about concerns for their children. By working together we are able to give children a consistent approach to their needs, both at home and in the center. You will find a suggestion box located at the Parent Information Center at each site.

Listed below are a few of the events that our programs plan to encourage parent involvement for all families:

- Family Fun Nights with entertainment and games
- Family Feast for Thanksgiving
- Date Nights – we watch the kids while you go out
- Parent Appreciation Shows and Dinners
- Wild Wednesday – extended hours once a month for kids to stay and have a blast

Our Parent Resource Calendar is posted on our website for all families to refer to. In addition, each center has a hard copy on site at the Parent Center for review.

PART E: PARENT INVOLVEMENT

5. Sample parent center/contract.

6. Written parent policies/handbook.

Attachments E and F is combined as we have created a one-step resource, our Family Resource Calendar and Handbook, that is given to each family that attends Bar-T. This outlines policies on illness, health and safety, parent obligations, the school year calendar, and everything else families need to know about attending Bar-T. At the end of this handbook there is a page that all parents are required to sign, acknowledging that they will adhere to the policies set forth in the handbook.

PART F: PROGRAM PLAN

2. Description of food service to be offered: snack menus, breakfast or lunch plan, etc. Describe how will food allergies be addressed and/or accommodated.

At Bar-T our goal is to provide children with a healthy and safe environment. That said, all of our programs are peanut free and we are vigilant about other food allergies. Children in our Early Childhood program will bring in their lunch (and breakfast for early children) and Bar-T will provide a morning and afternoon snack. We will heat up children's food in microwave ovens so they can have hot lunches. Bar-T will provide milk and water at all meals for the children. Sometimes during snack, children will also be offered 100% fruit juice as a substitute for a fruit. Below is a sample morning and afternoon snack menu for children 18 months of age and older:

AM Monday Assorted whole-grain cold Low-fat milk Apple Juice	AM Tuesday Yogurt Blueberries	AM Wednesday Waffle, topped with seasonal berries	AM Thursday Blueberry bran muffin Orange wedges	AM Friday Whole-grain bagel half with whipped light cream cheese Pineapple juice
PM Monday Cucumber and carrot slices with low-fat dip Pretzel twists	PM Tuesday Animal Crackers Low-fat milk Apple Juice	PM Wednesday Cinnamon applesauce Pretzel sticks	PM Thursday Hummus with Whole-wheat pita half Carrot sticks	PM Friday Banana (1/2) Wheat Thins

For infants and toddlers up to 18 months, parents will need to furnish all bottles and/or snacks. Each child's bottle will be labeled with their name and breast milk bottles will be kept separately from formula bottles. All food from home will be labeled with their name and what meal it is (am snack, lunch, etc.). There will be refrigerators in the Infant room and crockpots (one for breast milk and one for formula) to warm up bottles. All parents are welcome into our programs and for mothers that are breast-feeding; they are welcome to come in when convenient to them and feed at the center.

For snack, Bar-T places food orders with Food Pro, a commercial food distributor. Tammy, our representative who is a registered dietician, provides personalized customer service and works closely with us on our menu selections. They provide next-day delivery and are always accommodating our special requests. All snacks for Bar-T programs are ordered monthly and are stored appropriately; following Office of Childcare's licensing regulations.

All staff members wash their hands before prepping food and are required to wear plastic gloves while handling food. Children often help with the preparation and serving of snack and they practice the same methods that our staff are trained to follow. We strive to create a varied and nutritional menu that the children will enjoy. Children with restricted diets are always accommodated. Food allergies are addressed on an individual basis, but Bar-T's snack is entirely peanut free. All staff are trained and informed of all allergies that exist at the location. Special orders to our food distributor, or special trips to the grocery store, are offered to families to ensure that our snack is safe and enjoyable for each child.

PART F: PROGRAM PLAN

4. A statement of program discipline policy and plan for how it is communicated to parents and staff.

At Bar-T, our philosophy on discipline is an important component in how we teach the children in our care. Our goal is to help every child gain self-control through appropriate behavior. We encourage our staff members to look for opportunities to allow children to make choices and to accept the responsibility for their own actions.

One way we help our children (and staff) remember how to conduct themselves is with our Bar-T Code of Ethics, lovingly referred to as the "Bar-T Be's":

- +Be Safe
- +Be Nice
- +Be Positive
- +Be Creative
- +Be Brave
- +Be Hardworking
- +Be Honest
- =Be a Role Model

Each month we focus on one of these ethics with the hope of creating well-rounded role models that serve as examples to those around them. We have found that these principles are as relevant for the children in our care as they are for the staff that works for us each day. We hope to share these ethics with the schools and communities that we serve.

Most of the discipline used in our programs is redirection. Whether that is redirecting a specific behavior, i.e. "*Hitting is not a good choice, how else could you have handled being angry*" or directing a child into another activity to help them be successful. We do not allow our staff to use the term "time out" we do however allow children a "cool off" time with a quiet activity where they might sit down at a table or on a bean bag to calm down so they can talk about what happened. Children are put on Behavior Contracts when a behavior is not being corrected. This contract is a positive reinforcement of behaviors we want to see in the program. When a child is placed on a Behavior Contract, the Director and Parents meet to discuss what outcomes they hope to see and what the rewards or consequences would be. Bar-T leadership will be made aware of children that are placed on a Behavior Contract.

All of this is included in the Bar-T Family Resource Calendar and Parent Handbook that is given to each Bar-T family every August.



PART G: ACCREDITATION

1. Describe experience with a state or nationally recognized accreditation process.

2. Provide accreditation history of current programs, if applicable.

Bar-T is proud to have programs accredited through the Maryland Department of Education. Our experience has been positive with the accreditation process and we are continuing to pursue accreditation in additional programs. Our school age programs are beginning the new School Age Accreditation through MSDE and, if awarded the program at Thurgood Marshall, we will have program accredited through the state as well.

Here are the programs that we have currently accredited (with their award dates) through MSDE:

- Diamond - June 30th 2013
- Belmont - Dec 30th, 2012
- Lakewood - March 29, 2013
- Poolesville - March 29, 2013

PART H: OTHER

Statement of Insurance Coverage

Prior to the signing of the lease agreement, Bar-T will obtain, at our own cost and expense, and keep in force and effect until the termination of the lease agreement, the following insurance, with the insurance company/companies licensed and qualified to do business in the State of Maryland, evidenced by the certificate of insurance.

Workmen's Compensation

Statue limits and the following limits:

Bodily injury by accident, \$100,000 each accident

Bodily injury by disaster, \$500,000 policy limits

Bodily injury by disaster, \$100,000 each employee

Commercial General Liability

Minimum \$1,000,000 limit combined single limit for bodily injury and property damage per occurrence, including the following coverages; contractual liability, premise and operations and independent contractors.

Automobile Liability

Bodily injury -- \$500,000 each person, \$1,000,000 each occurrence.

Property damage -- \$300,000 each occurrence.

Policy must cover owned automobiles, hired automobiles and non-owned automobiles.

Additional Insured

Montgomery County Government will be named as an additional insured on all liability policies.

Policy Cancellation

Bar-T will provide sixty days written notice of cancellation or material change in any of the policies. Bar-T will notify the Department of Facilities and Services of any cancellation of material changes.

The following page includes a current Certificate of Liability Insurance.

NOTEPAD

INSURED'S NAME Bar-T Holding Inc.

BART-01
OP ID: MC

PAGE 2
Date 12/04/2014

Named Insureds: Bar-T Holding, Inc. dba, Bar-T Ranch, Bar-T, NJR, Bar-T
Mountainside, Bar-T Kids Club, Joseph & Nancy
Richardson, AIMA, Mountainside Education & Enrichment, Inc.
Mountainside Afterschool Club

4. List the names and addresses of all bank references

See Stacey Flood (3.a. on Page 5)

5. Financial condition of applicant -- attach previous two years financial statements.

6. Bankruptcy:

Has the applicant or, if applicable, the parent corporation or any subsidiary or affiliated corporation of the applicant or said parent corporation, or other interested parties been adjudged bankrupt, either voluntarily or involuntarily, within the past ten years?

YES _____

NO x _____

If yes, give date, place and under what name:

7. Personal Interest: Does any member of the governing body of Montgomery County, Maryland, to which the accompanying application is being made, or any officer or employee of the aforesaid County who exercises any functions or responsibilities in connection with the carrying out of the project under which the program covered by the applicant's proposal is being made available, have any direct or indirect personal interest in the applicant?

YES _____

NO x _____

8. If the applicant wishes, additional statements can be attached as evidence of the applicant's qualifications and/or financial responsibility.

NOTIFICATION OF PROPRIETARY INFORMATION

Please use this form to identify proprietary and **financial information** included in your application for child care space at the Thurgood Marshall Child Care Facility which is not Public Information.

Name of Applicant Bar-T Holdings, Inc

Indicate specific pages or attachments which are proprietary financial information:

~~All pages in Attachment A~~

~~All pages in Attachment B~~

Certificate of Insurance Liability

Signature Dellie Didd

Date December 10, 2014

Please return this form with your application.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Stockholders and Board of Directors
Bar-T Holding, Inc. and Affiliates

We have reviewed the accompanying consolidated and combined balance sheet of Bar-T Holding, Inc. and Affiliates as of December 31, 2013, and the related consolidated and combined statements of operations, changes in equity and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated and combined financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated and combined financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated and combined financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated and combined financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the consolidated and combined financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included on pages 14-20 is presented for purposes of additional analysis and is not a required part of the basic consolidated and combined financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic consolidated and combined financial statements, and we did not become aware of any material modifications that should be made to such information.

Katz Abosch Windesheim Gershman & Freedman, PA

March 24, 2014
Timonium, Maryland

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BAR-T HOLDING, INC. AND AFFILIATES
CONSOLIDATED AND COMBINED STATEMENT OF CHANGES IN
EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Common Stock	Retained Earnings	Net Deficit - Unrestricted	Noncontrolling Interest	Total
BALANCE - December 31, 2012	\$ 285,830	\$ 2,232,437	\$ (1,635)	\$ (2,026,203)	\$ 490,429
Distributions	0	(1,086,191)	0	(30,000)	(1,116,191)
Net income (loss)	<u>0</u>	<u>939,954</u>	<u>(23,451)</u>	<u>0</u>	<u>916,503</u>
BALANCE - December 31, 2013	<u>\$ 285,830</u>	<u>\$ 2,086,200</u>	<u>\$ (25,086)</u>	<u>\$ (2,056,203)</u>	<u>\$ 290,741</u>

See Accountants' Review Report
 The Accompanying Notes are an Integral Part of the Financial Statements

BAR-T HOLDING, INC. AND AFFILIATES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of fixed assets is depreciated using the straight-line method over their estimated useful lives.

Loan fees

During the year ended December 31, 2013, the Company refinanced several loans into one consolidated loan, and in accordance with the prior loan agreements, was required to pay M&T Bank a prepayment premium. M&T Bank agreed to finance the prepayment premium with a separate note payable (see Note 4), and the Company has included the prepayment premium within loan fees on the accompanying consolidated and combined balance sheet. The Company is amortizing the fee as expense over the same period that the financing matures. Loan fees, in the amount of \$12,895, which related to the loans that were refinanced, were expensed during the year ended December 31, 2013.

Total amortization expense for the year ended December 31, 2013 amounted to \$17,959.

Revenue recognition

The Company collects fees for various programs in advance. Revenue is recognized when services are rendered; deposits for future services are recorded as deferred revenue. MEE did not receive any contributions, pledges, grants or donated support during the year ended December 31, 2013.

Income taxes

Holding elected to be treated as an S corporation for income tax purposes. As a result, all tax liabilities flow through to the stockholders. NJR is treated as a partnership and its net income or loss flows through to its members. MEE is a not for profit corporation and is exempt from federal and state taxation under section 501(c)(3) of the Internal Revenue Code.

BAR-T HOLDING, INC. AND AFFILIATES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: OPERATING LEASES

The Company leases office and program space, and office equipment, under agreements which expire at various times through 2022. Certain of the leases contain renewal options and escalation clauses. In addition to minimum rental payments, the Company is also required to pay additional rent each year based on its proportionate share of certain base operating charges as defined in the lease.

In addition, the Company leases space used in the Kids Club programs which renew annually.

The minimum future rental payments required under non-cancelable operating leases having terms in excess of one year as of December 31, 2013 are as follows:

2014	\$ 162,871
2015	222,218
2016	228,885
2017	235,751
2018	242,824
2019 and thereafter	<u>345,870</u>
Total	<u>\$ 1,438,419</u>

Rent expense for the year ended December 31, 2013 was \$1,104,340.

NOTE 9: SIGNIFICANT CONCENTRATIONS

The Company maintains cash balances which exceed federally insured limits.

NOTE 10: SUBSEQUENT EVENT

On January 10, 2014, the Company entered into a \$300,000 term note with M&T Bank to finance leasehold improvements and other costs related to the anticipated opening of a new program in Reston, Virginia in June 2014. The loan has a maturity date in January 2019.

BAR-T HOLDING, INC. AND AFFILIATES
CONSOLIDATING AND COMBINING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Bar-T Holding, Inc.</u>	<u>NJR, LLC</u>	<u>Mountainside Education and Enrichment, Inc.</u>	<u>Consolidating and combining entries</u>	<u>Consolidated and combined totals</u>
REVENUES					
Tuition - net	\$ 11,942,898	0	\$ 161,872	0	\$ 12,104,770
Field trips/camp store	126,640	0	14,178	0	140,818
Miscellaneous and rental income	213,083	494,208	0	(563,076)	144,215
TOTAL REVENUES	<u>12,282,621</u>	<u>494,208</u>	<u>176,050</u>	<u>(563,076)</u>	<u>12,389,803</u>
OPERATING EXPENSES					
401k contributions	31,305	0	0	0	31,305
Advertising	83,133	0	413	0	83,546
Amortization	5,064	12,895	0	0	17,959
Animals	1,241	0	0	0	1,241
Auto	57,959	0	0	0	57,959
Bad debt expense	20,265	0	1,536	0	21,801
Bank and credit card fees	170,970	94	3,694	0	174,758
Bus expense	235,833	0	0	0	235,833
Charitable contributions	11,762	0	1,250	0	13,012
Clubs	3,303	0	0	0	3,303
Computer expenses	14,483	0	0	0	14,483
Depreciation and amortization	196,977	223,245	0	0	420,222
Dues and subscriptions	1,640	0	0	0	1,640
Fingerprinting	5,913	0	0	0	5,913
Food	266,258	0	4,448	0	270,706
Insurance - business	418,334	0	0	0	418,334
Insurance - health and dental	273,918	0	0	0	273,918
Insurance - life	18,467	0	0	0	18,467
Licenses	12,120	0	0	0	12,120
Maintenance	127,363	0	4,240	0	131,603
Meals and entertainment	12,766	0	0	0	12,766
Meetings	15,152	0	13	0	15,165
Miscellaneous	122,126	0	1,337	0	123,463
Office	54,029	0	0	0	54,029
Other operating expenses	0	0	1,891	0	1,891
Other taxes	15,294	14,564	0	0	29,858
Payroll	5,881,376	0	73,636	0	5,955,012
Payroll taxes	515,090	0	6,938	0	522,028
Penalties	370	0	0	0	370
Petty cash	138,312	0	4,451	0	142,763
Pool expenses	44,776	0	0	0	44,776
Professional fees	171,693	0	75,000	(75,000)	171,693
Rent	1,490,257	0	15,000	(488,076)	1,017,181

See Accountants' Review Report

BAR-T HOLDING, INC. AND AFFILIATES
CONSOLIDATING AND COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Bar-T Holding, Inc.</u>	<u>NJR, LLC</u>	<u>Mountainside Education & Enrichment</u>	<u>Consolidating and combining entries</u>	<u>Consolidated and combined totals</u>
Supplemental Schedule of Noncash Investing and Financing Activities:					
Consolidation of debt by refinance	\$ 3,348,096	\$ (3,348,096)	\$ 0	\$ 0	\$ 0
Prepayment premium financed in long- term debt	425,000	0	0	0	425,000
Long-term debt repaid through stockholder loan receivable	25,576	0	0	0	25,576
Stockholder loan receivable financed via long-term debt	400,000	0	0	0	400,000
Supplemental Disclosures of Cash Flow Information:					
Interest paid	\$ 61,223	\$ 243,410	\$ 0	\$ 0	\$ 304,633

See Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Stockholders and Board of Directors
Bar-T Holding, Inc. and Affiliates

We have reviewed the accompanying consolidated and combined balance sheet of Bar-T Holding, Inc. and Affiliates as of December 31, 2012, and the related consolidated and combined statements of operations, changes in equity and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated and combined financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated and combined financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated and combined financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated and combined financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the consolidated and combined financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included on pages 14-20 is presented for purposes of additional analysis and is not a required part of the basic consolidated and combined financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic consolidated and combined financial statements, and we did not become aware of any material modifications that should be made to such information.

Katz Abosch Windsheim Gershman & Freedman, P.A.

March 19, 2013
Timonium, Maryland

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BAR-T HOLDING, INC. AND AFFILIATES
CONSOLIDATED AND COMBINED STATEMENT OF CHANGES IN
EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

	Common Stock	Retained Earnings	Net Deficit - Unrestricted	Noncontrolling Interest	Total
BALANCE - December 31, 2011	\$ 285,830	\$ 1,467,976	\$ (28,154)	\$ (1,630,503)	\$ 95,149
Distributions	0	(339,356)	0	0	(339,356)
Net income (loss)	0	1,103,817	26,519	(395,700)	734,636
BALANCE - December 31, 2012	<u>\$ 285,830</u>	<u>\$ 2,232,437</u>	<u>\$ (1,635)</u>	<u>\$ (2,026,203)</u>	<u>\$ 490,429</u>

See Accountants' Review Report
 The Accompanying Notes are an Integral Part of the Financial Statements

BAR-T HOLDING, INC. AND AFFILIATES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of fixed assets is depreciated using the straight-line method over their estimated useful lives.

Loan fees

The Company capitalized certain financing fees associated with obtaining financing in years prior to 2012. The Company amortizes the fees as expense over the same period that the financing matures. Amortization expense for the year ended December 31, 2012 amounted to \$3,869.

Revenue recognition

The Company collects fees for various programs in advance. Revenue is recognized when services are rendered; deposits for future services are recorded as deferred revenue. MEE did not receive any contributions, pledges, grants or donated support during the year ended December 31, 2012.

Income taxes

Holding elected to be treated as an S corporation for income tax purposes. As a result, all tax liabilities flow through to the stockholders. NJR is treated as a partnership and its net income or loss flows through to its members. MEE is a not for profit corporation and is exempt from federal and state taxation under section 501(c)(3) of the Internal Revenue Code.

Holding and NJR file income tax returns in the U.S. federal and Maryland jurisdictions. Holding and NJR are no longer subject to U.S. federal or Maryland state income examinations by tax authorities for years before 2009. MEE files an annual federal Exempt Organization Informational Tax Return which is subject to examination by the IRS, generally for three years after it is filed.

BAR-T HOLDING, INC. AND AFFILIATES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 8: OPERATING LEASES (Continued)

The minimum future rental payments required under non-cancelable operating leases having terms in excess of one year as of December 31, 2012 are as follows:

2013	\$ 135,338
2014	88,846
2015	91,511
2016	94,257
2017	97,084
2018 and thereafter	<u>445,867</u>
Total	\$ <u>952,903</u>

Rent expense for the year ended December 31, 2012 was \$1,125,719.

NOTE 9: SIGNIFICANT CONCENTRATIONS

The Company maintains cash balances which exceed federally insured limits.

BAR-T HOLDING, INC. AND AFFILIATES
CONSOLIDATING AND COMBINING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Bar-T Holding, Inc.</u>	<u>NJR, LLC</u>	<u>Mountainside Education and Enrichment, Inc.</u>	<u>Consolidating and combining entries</u>	<u>Consolidated and combined totals</u>
REVENUES					
Tuition - net	\$ 12,030,008	0	\$ 135,618	0	\$ 12,165,626
Field trips/camp store	121,839	0	5,274	0	127,113
Miscellaneous and rental income	<u>122,424</u>	<u>123,929</u>	<u>0</u>	<u>(123,000)</u>	<u>123,353</u>
TOTAL REVENUES	<u>12,274,271</u>	<u>123,929</u>	<u>140,892</u>	<u>(123,000)</u>	<u>12,416,092</u>
OPERATING EXPENSES					
401k contributions	27,579	0	0	0	27,579
Advertising	24,053	0	0	0	24,053
Animals	4,544	0	0	0	4,544
Auto	39,688	0	0	0	39,688
Bad debt expense	68,586	0	2,561	0	71,147
Bank and credit card fees	202,751	30	3,547	0	206,328
Bus expense	258,085	0	0	0	258,085
Charitable contributions	14,834	0	0	0	14,834
Clubs	20,997	0	0	0	20,997
Computer expenses	56,062	0	0	0	56,062
Depreciation and amortization	194,105	227,116	0	0	421,221
Dues and subscriptions	4,652	0	0	0	4,652
Fingerprinting	4,834	0	0	0	4,834
Food	320,835	0	4,058	0	324,893
Insurance - business	366,147	0	0	0	366,147
Insurance - health and dental	304,708	0	0	0	304,708
Insurance - life	13,864	0	0	0	13,864
Licenses	17,351	0	0	0	17,351
Maintenance	167,894	0	515	0	168,409
Meals and entertainment	15,166	0	0	0	15,166
Meetings	10,610	0	0	0	10,610
Miscellaneous	114,605	0	0	0	114,605
Office	99,935	0	0	0	99,935
Other operating expenses	0	0	2,597	0	2,597
Other taxes	19,046	15,295	0	0	34,341
Payroll	5,824,706	0	67,710	0	5,892,416
Payroll taxes	545,517	0	6,613	0	552,130
Penalties	892	0	0	0	892
Petty cash	119,971	0	4,253	0	124,224
Pool expenses	46,998	0	0	0	46,998
Professional fees	258,749	0	5,000	0	263,749
Rent	1,129,528	0	15,000	(123,000)	1,021,528
Rental furniture and equipment	104,191	0	0	0	104,191

See Accountants' Review Report

BAR-T HOLDING, INC. AND AFFILIATES
CONSOLIDATING AND COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Bar-T Holding, Inc.</u>	<u>NJR, LLC</u>	<u>Mountainside Education & Enrichment</u>	<u>Consolidating and combining entries</u>	<u>Consolidated and combined totals</u>
Supplemental Schedule of Noncash Investing and Financing Activities:					
Fixed assets acquired through long-term debt	\$ 31,059	\$ 0	\$ 0	0	\$ 31,059
Long-term debt satisfied by vehicle trade-in	22,087	0	0	0	22,087
Long-term debt repaid through stockholder loan receivable	12,105	0	0	0	12,105
Supplemental Disclosures of Cash Flow Information:					
Interest paid	\$ 39,026	\$ 277,188	\$ 0	\$ 0	\$ 316,214

See Accountants' Review Report

RING STACKER	1	\$7.99
TACTILE TEETH & RATTLE SET	1	\$15.99
PUSH TRUCKS	3	\$47.97
COLOR FUN BALLS	1	\$34.39
FIRST KEYS - SET OF 6	1	\$10.39
ACTION PACK SET	1	\$11.99
SOFT TEETHING BEADS SET OF 6	1	\$15.99

TODDLER ROOM:

Equipment and Furniture:

30" X 60" RECT TABLE - ADJUSTABLE LEGS	2	\$352.94
36" ROUND TABLE - ADJUSTABLE LEGS	2	\$279.98
CHAIRIES 11"	8	\$1,023.92
4-PACK OF TODDLER SPACELINE COTS	3	\$407.97
TUNNEL OF FUN	1	\$135.99
5' X 10' MAT	2	\$415.98
TODDLER KITCHEN COMBO	1	\$201.35
BABY DOLL STROLLER	1	\$18.39
ALPHA BLOCKS CARPET	1	\$236.79
SMALL 24" SQUARE ACRYLIC MIRROR	2	\$103.98
SET OF 2 - 24" SQUARE WALL MIRRORS	1	

Dramatic Play:

LITTLE CHEF COOKING SET - 13 PCS	1	\$39.19
DINNER FOR FOUR - SET OF 22	1	\$14.39
FLIP PHONES SET OF 2	1	\$11.19
SET OF 4 TENDER TOUCH SOFT DOLLS	1	\$31.19
DOLLS	2	\$36.78
JUNGLE SQUEEZIES	1	\$19.99
SET OF 16 GIANT FOAM BLOCKS	1	\$172.79

Language, Listening, and Music:

HAPPY TUNES BOARD BOOKS SET OF 5	1	\$27.99
RHYMING SONGS & GAME BOARD BOOKS SET	1	\$19.83
BABY'S DAY BOARD BOOKS SET	1	\$73.59
ONE BIG ALPHABET BOOK	1	\$42.39
SET OF 6 JUMBO KNOB PUZZLES	2	\$95.98
STACK-UP PEGBOARD	1	\$13.59
MAGIC MAGNET BEAR	4	\$86.24
BIG BEADS & STRINGERS	1	\$23.19
12 CRAYOLA JUMBO BRUSHES	12	\$16.20
SPONGE SET	1	\$9.59
NO SPILL PAINT CUPS	6	\$43.14

BIG CONNECTORS	2	\$52.78
BIG BEADS & STRINGERS	1	\$23.19

Arts and Crafts:

FLAT EASEL BRUSHES	2	\$47.98
SPONGE SET	1	\$22.39
NO SPILL PAINT CUPS	1	\$7.19
4PK ASST TEMPERA PAINT	1	\$42.39
WATER COLORS	1	\$17.99
MARKERS	1	\$12.79
9X12 SMART STACK CONSTRUCTION PAPER	1	\$8.49
18X24 NEWSPRINT EASEL PAPER	1	\$8.23
DRAWING PAPER	1	\$15.99
COLLAGE MATERIALS	1	\$59.99
CRAYOLA DOUGH SET OF 6	1	\$34.99
GALLON WASHABLE GLUE	2	\$15.18
30PK GLUE STICKS	1	\$6.20
SET OF 12 FIRST FISKAR'S	2	\$13.58
CHILD SMOCK	20	\$135.80
PK 500	1	\$5.03

Math/Numbers:

MY FIRST COUNTERS	1	\$7.99
FIRST BALANCE SET	1	\$11.99
SET OF 12 WOOD RULERS	1	\$9.59
JUMBO NUMBERS PUZZLE	1	\$29.59
NUMBER MATCH GAME	1	\$11.99
NUMBER BINGO	1	\$7.99
SHAPE AND COLOR SORTER	1	\$11.99
PATTERN BLOCKS AND BOARDS	1	\$15.99

Language, Listening, and Music:

BOARD BOOK CLASSICS SET	1	\$27.99
EARLY LEARNING LIBRARY BOOK SET	1	\$287.99
SET OF 10 MULTICULTURAL PUPPETS	1	\$79.99

Active Play:

MYRIDER PUSH TRIKE	2	\$223.98
TODDLER HELMET	2	\$28.78
7" PLAYGROUND BALLS	6	\$22.98
PLAY SHAPES OBSTACLE COURSE	1	\$559.99
SET OF 6 COLOR TOSS BAGS	2	\$30.38
6' FUNCHUTE	1	\$12.99
TUNNEL OF FUN	1	\$31.99

Manipulatives:		
DUPL0 MEGA KIT PK 560	1	\$263.99
SET OF 24- 4 FAMILIES	1	\$47.99
TWIST & TURN 20 PC SET	1	\$11.19
BIG BEADS & STRINGERS	1	\$12.79
CAR & TRUCK STRINGERS SET OF 12	1	\$0.00
CURVES AND WAVES TABLE	1	\$99.99
GIANT LATCH BOX AND LOCK BOX	1	\$98.39
SET OF 6 JUMBO KNOB PUZZLES	1	\$47.99
WOODEN PUZZLE CASE	1	\$31.99
PUZZLE RACK	2	\$20.78
SET OF 6 BUSY CHILDRN PHOTO PUZZLES	1	\$39.99
SET OF 3 BASIC CONCEPT PUZZLES	1	\$39.99
PUZZLES	1	\$39.99
FLOOR PUZZLE	1	\$10.39
FLOOR PUZZLE	1	\$10.39
FLOOR PUZZLE	1	\$11.99
Arts and Crafts:		
42" X 54" MESS MAT	2	\$17.58
FLAT EASEL BRUSHES	2	\$2.70
SPONGE SET	1	\$9.59
NO SPILL PAINT CUPS	1	\$7.19
4 PACK GALLON PAINT	1	\$42.39
4 PACK GALLON PAINT	1	\$42.39
RAINBOW SET OF FINGER PAINT	1	\$15.99
400 CRAYOLA LARGE CRAYON CLASSPACK	1	\$49.99
9X12 SMART STACK CONSTRUCTION PAPER	1	\$8.49
18X24 NEWSPRINT EASEL PAPER	1	\$8.23
12X18 WHITE DRAWING PAPER	1	\$9.19
CRAYOLA DOUGH SET OF 6	6	\$209.94
COLLAGE MATERIALS	1	\$59.99
ASSORTED CLAY TOOLS	3	\$21.57
SET OF 12 FIRST FISKAR'S	2	\$13.58
216 CRAYOLA WASHABLE MARKER CLASSPACK	1	\$59.99
Math:		
COLOR AND SHAPE BINGO	1	\$11.99
LOTTO GAMES	2	\$31.98
SHAPE SORTER PLAYBOARD	1	\$42.39
LITTLE BEAR COUNTERS	1	\$15.19
SORT N SHAPES KIT	1	\$15.19
PATTERN BLOCKS AND BOARDS	1	\$15.99
GIANT WOODEN PATTERN BLOCKS	1	\$29.59

"Procedure for Implementing the Revised Policy
for Waivers of Capital Cost Fee"

In the February 1991 Fee Structure and Debt Service Report certain specific provisions for waiver of capital cost recovery fee were recommended for inclusion in the County policy for Rental Rates for Child Care. These recommendations were approved in April 1991.

Centers which meet any of the following criteria for waiver may apply in writing for waiver of the capital cost fee. The waiver which shall apply to the entire facility. Waiver application must be submitted at annual lease renewal.

- 1) The Center shall enroll and provide care to families eligible for or enrolled in Child Care tuition subsidy programs (D.S.S. Purchase of Care and/or Working Parents Assistance Program); Families receiving subsidy shall comprise at least 30% of licensed capacity; the provider shall accept as full tuition payment the face value of vouchers issued by the DSS Purchase of Care Program. Written verification of meeting this requirement shall be required.
- 2) The provider will serve Infants and Toddlers in Child Care, as defined by the State of Maryland Child Care licensing regulations for Group Child Care; the children served will be in space administered, operated or funded by Montgomery County Government, specifically for Infant Care and/or required by tenant selection for that specific center.

Other sites which may choose to offer care to infants are not automatically granted waiver, but will be considered on a case by case basis. Determination of waiver application will be made jointly by DFS and DFR based on demonstrated community need.

- 3) The provider will serve children with handicapping conditions. Waiver will be considered on a case by case basis for sites which meet the following criteria:
- child or children must be designated as child with handicapping conditions by physician or authorized agency.
 - an approved plan for special need care must be on file with Child Care Administration
 - provider must document that enrollment of the child(ren) causes substantial additional cost to the program (additional staff, space modification, specialized equipment) and that this cost has ongoing impact to financial viability of program.
- 4) Annual certification with documentation shall be required. Waivers will be forfeited by programs which provide incomplete or inaccurate information. If determined by DFS and DFR that waivers were not legitimate for a lease year, the capital cost fee for that year may be applied to the following lease year.
- 5) Centers may apply for consideration of waiver if #1 and #4 partially apply. DFS may wave all or a portion of capital cost fee if cost to program is equal to or greater than capital cost fee.

APPLICATION FOR WAIVER OF CAPITAL COST RECOVERY FEE

Indicate which waiver provision(s) your program is applying for

1. 30% Voucher Service
2. Infant Care
3. Special Needs Care

Indicate time period (this should match your annual lease term)

Start date _____

End date _____

Explain how your program meets the provisions of the waiver policy and present and present documentation for verification by County Government. (you may use additional pages as necessary).

I (we) certify that this Waiver Application and any attached documentation are true and correct to the best of my (our) knowledge and belief:

Name

Name

Title

Title

Address

Address

City, State and Zip

City, State and Zip

Signature

Signature

Date

Date

Provider Name: Bart-T Holding Inc.

[illegible]

Exhibit E

MANDATORY INSURANCE REQUIREMENTS LICENSE AGREEMENT

License Agreement for Day Care Providers Using Space Provided by Montgomery County (property either owned or leased by County)

Prior to the execution of the License by the County, the Licensee must obtain at their own cost and expense the following insurance with an insurance company/companies licensed to do business in the State of Maryland and acceptable to the Division of Risk Management. This insurance must be kept in full force and effect during the term of License, including all extensions. The insurance must be evidenced by a certificate of insurance, and if requested by the County, the proposed Licensee shall provide a copy of the insurance policies. The Licensee's insurance shall be primary.

Commercial General Liability

A minimum limit of liability of *two million dollars (\$2,000,000)*, combined single limit, for bodily injury and property damage coverage per occurrence including the following coverages:

- Contractual Liability
- Premises and Operations
- Independent Contractors
- Products and Completed Operations
- Fire Legal Liability
- Daycare Operations***

Automobile Liability Coverage

A minimum limit of liability of *one million dollars (\$1,000,000)* combined single limit, for bodily injury and property damage coverage per occurrence including the following:

- owned automobiles
- hired automobiles
- non-owned automobiles

Worker's Compensation/Employer's Liability

Meeting all statutory requirements of the State of Maryland Law and with the following minimum Employers' Liability limits:

- Bodily Injury by Accident - \$100,000 each accident***
- Bodily Injury by Disease - \$500,000 policy limits***
- Bodily Injury by Disease - \$100,000 each employee***

Property – Fire, Theft and Vandalism to Cover Licensee's Contents at Licensed Premises

Additional Insured

Montgomery County, Maryland, its elected and appointed officials, officers, consultants, agents and employees must be named as an additional insured on the Licensee's Commercial and Excess/Umbrella Insurance for liability arising out of the Licensee's products, goods and services provided under this License.

Policy Cancellation

Forty-Five (45) days written notice of cancellation or material change of any of the policies is required unless a greater period is required by law.






Certificate Holder

Montgomery County, Maryland
Department of General Services
Attention: Real Estate Department
101 Monroe Street, 9th floor
Rockville, Maryland 20855

EXHIBIT E

EXHIBIT F

RESOURCE CONSERVATION POLICY AND GUIDELINES

-  Board of Education Policy On
Energy Conservation
-  Electricity Guidelines
-  Heating Guidelines
-  Food Preparation Guidelines
-  Water Use Guidelines

POLICY

BOARD OF EDUCATION OF MONTGOMERY

Related Entries: ECM, ECM-RA
Responsible Office: Supportive Services

Energy Conservation

A. PURPOSE

To ensure that Montgomery County Public Schools pursues energy conservation efforts and practices that continue to preserve our natural resources while providing a safe and comfortable learning environment for all staff and students

B. ISSUE

The nation is experiencing a depletion of its natural resources which include crude oil, natural gas, and other energy sources. The Montgomery County Public Schools is committed to reducing its consumption of natural resources and still improving the quality of its educational programs. The Montgomery County Board of Education desires to work with other agencies of government and plan school system activities so that the learning environment of essential education programs are not curtailed or compromised.

C. POSITION

1. The superintendent of schools shall continue to establish procedures to ensure the conservation of natural resources by personnel at all levels of the school system, which shall include the following practices:
 - a) Generation of a system-wide resource conservation plan that outlines goals and objectives
 - b) Development of acceptable energy conservation guidelines as outlined in the resource conservation plan
 - c) Continued development and implementation of conservation programs
 - d) Performance of energy studies on all new MCPS construction
 - e) Monitoring the general operation and maintenance of all heating, ventilation and air-conditioning equipment

- f) Procurement and consumption management of fossil fuels and electricity
 - g) Continuing reminders to staff and students of the need for conservation of all natural resources
2. MCPS will participate in a coordinated effort by government authorities to establish appropriate resource conservation plans and utility price monitoring systems to ensure that public schools have adequate supplies of essential fuels and can obtain these at the best possible prices.

D. DESIRED OUTCOME

Create a healthy and comfortable learning environment while controlling energy consumption more efficiently and diverting the otherwise rising utility costs towards educational programs. Continue development of energy conservation efforts that proportionally reduces energy consumption in new and existing facilities.

E. IMPLEMENTATION STRATEGIES

1. Should natural resources be insufficient to meet normal operating needs, the superintendent will develop further plans for the consideration of the Board of Education to conserve energy.
2. Copies of this policy and the annual resource conservation plan will be sent to appropriate school system and county government officials.

F. REVIEW AND REPORTING

This policy will be reviewed on an on-going basis in accordance with the Board of Education's policy review process.

Policy History: Adopted by Resolution No. 654-73, November 13, 1973; amended by Resolution No. 285-97, May 13, 1997.

MCPS RESOURCE CONSERVATION GUIDELINES

Electricity

1. **Temperature Set Point:** The maximum cooling level is 76° F. Set thermostats accordingly. Some temperature variation will occur as equipment cycles on and off. Report cooling problems only if room temperature measured with a thermometer stays three degrees or more above or below set point.
2. **Controls:** Do not attempt to tamper with energy management or HVAC controls on equipment. Any problems with controls or equipment should be dealt with promptly through the work order system. Provide frequent inspection of pneumatic controls, including system filter/dryer, automatic bleed, and compressor run time. Test and calibrate all pneumatic thermostats at the start of each cooling season.
3. **Computers:** Shutting down computers not in use is important. Computers in our schools consume more energy than the lighting. **Teachers and students should shut down the computer at the end of each use, unless a new user is waiting.** Sweeps should be made to shut down all computers immediately after school hours and before weekends, holidays, and breaks. Use of **flat panel monitors** is encouraged whenever procuring new displays. Flat panel monitors use 70 percent less energy than CRT models and help reduce excessive heat build-up in computer labs and closets.
4. **Lights:** Teachers should ensure lights are turned off when leaving the classrooms unoccupied, even for a few minutes. Every effort should be made to avoid accidentally leaving lights on in storerooms, crawl spaces, attics, and other unoccupied spaces. Corridor lighting should be reduced in over-illuminated areas and turned off during unoccupied periods. Gym, auditorium, and stadium lights should be controlled on a tight schedule. Gym lights should be turned off during class periods when the gym is not in use.
5. **Light Levels:** Light levels may be reduced to the acceptable levels for different activities as listed on the attached chart: **Recommended Footcandle Levels.** Your SERT Energy Facilitator will provide you with instruments and instructions to successfully reduce light levels and save energy.
6. **Task Lighting:** Use a desk lamp (with compact fluorescent bulb) instead of overhead lighting as much as possible, especially at teaching stations when students are out. Computer labs should use compact fluorescent uplights (torchier lamps) to improve visibility of computer screens, and save energy by turning out overhead lights.
7. **Lighting Maintenance:** Maintain automatic lighting controls, occupancy sensors, or daylight sensors where installed. Light fixtures and lenses should be cleaned annually and the date documented.
8. **Daylighting:** Whenever possible, teachers should utilize natural light instead

of artificial light. Window shades should be adjusted to make best use of daylighting. Most classroom lights are controlled by two or more switches, so artificial lighting can be reduced when daylight is available.

9. **Exterior Lighting:** All outside lighting should be **off** during daylight hours. Building security lighting should be on from dusk to dawn daily. Parking lot lights should be turned off at the close of the regular school day or evening activities (by 12:00 midnight at the latest) and back on at 6:00 a.m., to dawn (unless sunrise is before 6:00 a.m.) Building service managers should notify the maintenance depot of any irregularities in exterior lighting control.

10. **Cleaning Crews:** All lights are to be turned **off** when students and teachers leave school. Building service workers are to turn on lights only in the areas in which they are currently working.

11. **Holidays and Breaks:** All electrical equipment should be shut down or unplugged per checklists before long weekends and school breaks.

12. **Off-Peak Use:** When possible, electricity use (for kilns, laminators, etc.) should be scheduled prior to 12:00 noon when lower, off-peak rates are in effect.

13. **Infiltration Control:** All windows and outside doors are to be kept closed when cooling systems are in operation. Corridor doors and doors to classrooms should remain closed when HVAC is provided. Doors to gyms and pools are to be kept closed. Report faulty door closers to the maintenance depot.

14. **Vending Machines:** Vending machines are major electric users that often cost more to operate than the school receives in revenues. A typical soft drink machine costs over \$500 per year to operate. Measures should be taken to minimize the number of vending machines and the hours of use.

- a. Review your school's vending machine use and have little-used units removed.
- b. Vending machines must be removed from the main entrance or lobby of all schools effective with the 2004-2005 school year.
- c. Unplug vending machine units when "Sold Out" is displayed.
- d. Operation of vending machines must be automatically controlled per the following specifications.

Vending Machine Specification for Montgomery County Public Schools

Effective Date: August 1st, 2006

Application: This specification applies to all vending machines in Montgomery County Public Schools (MCPS), located inside the buildings or in outside areas surrounding the school buildings. These items include beverages, such as soft drinks, fruit juice and juice beverages, water, sports drinks; and snacks, such as cookies, crackers, chips, ice cream and candy.

References: Maryland Code, Education, Section 7-423, Division II, title 7 subtitle 4, "Health and Safety of Students"

MCPS Policy JPG: *Wellness: physical and Nutritional Health*; MCPS Regulation JPG-RA: *Wellness: physical and Nutritional Health*; MCPS Policy ECA: *Energy Conservation*

Timing Controls: Vending machines in MCPS schools must have an integrated timing device to automatically shut off operation of the machine in accordance with nutrition policies established by the Board of Education and energy conservation policy.

Automatic shut off is to include the following features:

1. Prohibit access to products
2. Turn off all lighting
3. Turn off refrigeration

Hours of Operation

Machines containing approved items-

- Non-perishable—7:00 a.m. until midnight, with refrigeration timed to resume one hour before access.
- Perishable—Refrigeration units remain on 24 hours; however access by students is limited too 7:00 a.m. until midnight.
- Machines containing items not approved for sale during the instructional day must be programmed for automatic shutoff from midnight until the end of the instructional day. Refrigeration may be timed to resume one hour before access.
- Vending machines in teachers' lounges must be operational from 5:30 a.m. until midnight. Refrigeration may be timed to resume one hour before access.

Approved Items:

Beverages (container size not to exceed 16 ounces except for unflavored water)

- Flavored, non-carbonated water
- 100% fruit juice
- Fruit juice beverages with a minimum 50% fruit juice
- Low fat or nonfat milk
- Sports drinks (only allowed in the immediate area of the gymnasiums)

Snacks

- Single-serving size packages
- 7 grams or less of fat (except for nuts and seeds)
- 2 grams or less of saturated fat
- 15 grams or less of sugar (except for fruit)

**Recommended Footcandle (fc) Levels For
Voluntary SERT De-Lamping Projects**

Corridor and Stairways	10 -20 fc
<ul style="list-style-type: none"> ▪ As low as 10fc -- for high reflectivity flooring/walls (white or pastel) ▪ Up to 20 fc for dark-colored flooring 	
Conference Rooms	30 fc at table height
Reception Areas	20 fc (average ambient) 50 fc (on task surface/desk)
Classrooms	30 fc (reading/ writing)
Art class	75 fc (preferably natural lighting)
Computer labs	15 fc
Restrooms	15 fc
Gyms	30 fc
Cafeteria (seating area)	30 fc
Cafeteria (food prep area)	75 fc

Heating

1. **Temperature Setpoint:** The maximum heating level is 70° F. Set thermostats accordingly and recheck monthly. Some temperature variation will occur as equipment cycles on and off. Report heating problems only if room temperature measured with a thermometer stays 3° or more below set point.
2. **Controls:** Building staff or occupants should not attempt to manually control equipment by tampering with energy management or HVAC controls of equipment. Any problems with controls or equipment should be dealt with promptly through the work order system. Provide frequent inspection of pneumatic controls, including system filter/dryer, automatic bleed and compressor run time. Test and calibrate all pneumatic thermostats at the start of each heating season.
3. **Hours:** During non-school hours, heat is furnished only for MCPS activities and user groups with reservations through the ICB/CUPF. Consolidate necessary MCPS evening activities into the minimum number of zones possible. HVAC will not be provided for an individual to use a classroom or office outside of normal hours. HVAC systems will remain off during cleaning, except when ventilation is required for waxing or stripping activities.
4. **Filters:** Replace filters of all equipment at recommended intervals. Maintain documentation per your building maintenance plan.
5. **Boiler Maintenance:** Fuel oil burners should be cleaned and tuned for optimum combustion twice yearly.
6. **Pumps:** Only one main heating pump should be operated, except where additional pumps are provided for separate zones. Do not operate main pump and standby pump at the same time.
7. **Unit Ventilators:** Maintain unit ventilators free of obstruction, such as books, plants, and furnishings, both on the top grill and at the bottom intake, so that air can circulate efficiently throughout the room.
8. **Infiltration Control:** All windows and outside doors are to be kept closed when heating systems are in operation. Corridor doors and doors to classrooms should remain closed when HVAC is provided. Doors to gyms and pools are to be kept closed. Report faulty door closers to the maintenance depot.
9. **Storage Spaces:** Close unused storage rooms and set thermostat controls, where installed, to the lowest possible temperature setting that will prevent freezing.
10. **Personal Electric Space Heaters:** Personal space heaters will not be permitted. Such units, in addition to having high energy costs, are a fire and safety hazard. Only heaters installed by the Division of Maintenance for emergency use will be permitted; others will be confiscated.

Food Preparation

Cooking Equipment

1. Preheat only equipment to be used 15 minutes before using.
2. Reduce temperature or turn equipment off during slack periods.
3. Cook full loads on every cooking cycle when possible.
4. Use the correct size equipment for all operations.
5. Avoid slow loading and unloading of ovens and opening doors unnecessarily.
6. Keep equipment clean for efficient operation.

Hot Food Holding and Transporting

1. Preheat equipment before loading.
2. Always use at full capacity when possible.
3. Clean thoroughly daily.

Refrigeration Equipment

1. Keep doors tightly closed and avoid frequent or prolonged opening.
2. Place food in refrigerator or freezer immediately upon arrival from supplier.
3. Keep evaporator coils free of excessive frost.
4. Keep condenser coils free of dust, lint, or obstructions.
5. Unplug equipment that is not needed.

Ware Washing Equipment

1. Always operate equipment at full capacity when possible.
2. Flush after heavy meal periods—clean thoroughly, daily.

Water Heating

1. Repair leaking faucets as soon as possible.
2. Reduce storage temperature to 120° F where possible.
3. Insulate hot water pipes.

Ventilating System

1. Use only the number of fans necessary at all times to provide adequate ventilation.
2. Turn fans off upon completion of cooking.
3. Operate two-speed fans on the lower speed when possible.
4. Keep filters and extractors clean.

MCPS RESOURCE CONSERVATION GUIDELINES

WATER USE

GENERAL

1. **Be alert for water leaks** and water main breaks. Look for continuous water flow through the water meter at any time, ponding of water around the building, and report leaks to maintenance immediately. A broken water main can release tens of thousands of dollars in water a week until it is repaired.
2. **Report and repair leaking faucets** and faulty flush valves promptly. Check and adjust valves for proper timing annually.
3. **Water is an MCPS resource and not to be given away** or used by outsiders. Users scheduled through ICB are allowed to use water related to their activities. Do not provide free water to road maintenance tankers or any other non-MCPS agency.
4. Do not allow local residents to use school hose bibbs or to control irrigation.
5. **Car washes may not** use school water supplies. Off-site arrangements may be made with a local gas station to hold a car wash for fund raising.
6. The utility budget pays for bottled water only in elementary school portable classrooms.

IRRIGATION

These general guidelines are supplied for the education of individuals operating turf irrigation equipment to help with the successful management of healthy turf.

1. **Avoid Excess Watering.** Excessive watering promotes fungal growth and prevents the development of long, deep root systems needed for healthy turf.
 - a. **Use a simple rain gauge.** Turf in our climate needs only 1" of water per week for optimum health. Use weather reports or your school's rain gauge to determine whether irrigation is needed each week.
 - b. **With timer systems, check zones for proper saturation levels.** Make sure water saturates the root zone when irrigating but no further. No runoff should occur from the area being watered.
 - c. **Make sure irrigation systems are turned off when it rains.** The installation of rain switches on automated irrigation systems is highly recommended.
2. **Irrigate only in early morning or late evening hours.** This timing minimizes evaporation to the air.
3. **Irrigate only two or three times a week.** This interval promotes deeper root growth, which establishes healthier and sturdier turf.

EXHIBIT "G"

ECF-RB

REGULATION

MONTGOMERY COUNTY PUBLIC SCHOOLS

Related Entries:

Responsible Office: Chief Operating Officer
Facilities Management

Pesticides Use in Schools

I. PURPOSE

To establish procedures to implement an integrated pest management program in accordance with the *Annotated Code of Maryland, Article - Agriculture*

II. DEFINITIONS

A. *Integrated Pest Management* is the use of combined pest control alternatives, most effective to prevent or reduce to acceptable levels pests and damage caused by pests.

B. *Pesticide* as defined in the law, means any substance or mixture of substances intended for:

1. Preventing, destroying, repelling or mitigating a pest
2. Use as plant regulator, defoliant, or dessicant
3. Use as a spray such as a wetting agent or adhesive

Pesticide does not include:

1. An antimicrobial agent, such as a disinfectant, sanitizer or deodorizer, used for cleaning purposes
2. A bait station

C. *Space spraying* means application of a pesticide by discharge into the air throughout an area. It does not include crack and crevice treatment.

III. PROCEDURES

A. Contact Person

EXHIBIT "G"

ECF-RB

The Integrated Pest Management Supervisor in the Division of Maintenance will be the contact person and will manage all information on pest control efforts in the school system, including material safety data sheets and product label of each pesticide or bait station that may be used in schools, or on school grounds and site-specific information on pest control activities at each school.

B. Notification by Schools

1. At the beginning of each school year, schools will include notice of the school's integrated pest management system in information to parents. The notice will include the following information:
 - a) A statement that explains the school's integrated pest management system and a list of any pesticides or bait station that may be used in the school building or on school grounds as part of the integrated pest management system
 - b) A statement that:
 - (1) The contact person maintains the product label and material safety data sheet of each pesticide or bait station that may be used by the certified applicator in buildings and on school grounds
 - (2) The label and material safety data sheet is available for review by a parent, guardian, staff member, or student attending the school
 - (3) The contact person is available to parents, guardians, and staff members for information and comment
 - c) The name, address, and telephone number of the contact person
 - d) Instructions for including a parent/guardian or staff member on a pesticide notification list (see Section C)
 - e) Information about the opportunity to provide public comments on the Integrated Pest Management practices of the school system during the a public comments segment of each regularly scheduled Board meeting
2. After the start of each school year, written notification will be provided to each newly employed staff member in the orientation packets or to the

EXHIBIT "G"

ECF-RB

parent/guardian of a student newly enrolled in the new student information packet.

3. Notification Lists

- a. At the start of each school year, each middle and high school will develop a pesticide notification list containing each staff member and parent/guardian of a student attending the school who requests in writing prior notification of a pesticide application made in the school or on school grounds during the school year. Elementary schools are required to notify each parent or guardian of a student attending the school and each staff member regardless of whether they have requested prior notification.
- b. The school will keep the pesticide notification list current and add names upon written request by a parent or guardian of a student attending the school or a staff member.
- c. The school will make the pesticide notification list available upon request to representatives of the Department of Agriculture of the State of Maryland.

C. Pesticide Applications

1. Elementary Schools

At least 24 hours before the pesticide is applied in a school building, or on school grounds, the Integrated Pest Management Supervisor will provide the following information to the school principal who in turn will provide written notification to each parent/guardian and staff member:

- a) Common name of the pesticide
- b) Location of the application
- c) Planned date and time of the application
- d) The following language:

"The Office of Pesticide Programs of the United States Environmental Protection Agency has stated: *Where possible, persons who potentially are more sensitive, such as pregnant*

EXHIBIT "G"

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women and infants (less than two years old), should avoid any unnecessary pesticide exposure."

2. Middle or High Schools

The Integrated Pest Management Supervisor will provide information to the school's principal, allowing sufficient time for the principal to notify students and staff. Principals will provide written notification to each parent, guardian, or staff member on the pesticide notification list, post notices at the site of the application and in conspicuous locations such as bulletin boards commonly seen by students and staff, and make an announcement on the school's public announcement system at least 24 hours before the application of a pesticide.

3. Space Spraying of Pesticides

a) Although space spraying of pesticides is not practiced in Montgomery County Public Schools, in the unlikely event that space spraying becomes necessary, the written notification to parents/guardians, staff, and students will be made at least one week before the space spraying.

b) The notice will be on a separate sheet of paper at least 8 1/2 inches by 11 inches in size and shall contain the following information:

- (1) Common name of the pesticide
- (2) Location of the space spraying
- (3) Planned date and time of space spraying
- (4) The following language:

"The Office of Pesticide Programs of the United States Environmental Protection Agency has stated: Where possible, persons who potentially are more sensitive such as pregnant women and infants (less than two years old) should avoid any unnecessary pesticide exposure."

- (5) If the pesticide is not addressed in the notice sent at the beginning of the school year, a brief description of the pesticide to be applied

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- (6) A brief description of potential adverse effects based upon the material safety data sheet of the pesticides to be applied
 - (7) The name and telephone number of the Integrated Pest Management Supervisor who is the designated contact person
4. For application on school grounds, the notice of planned date and time of application may specify that weather conditions or other extenuating circumstances may cause the actual date of application to be postponed to a later date or dates.
 5. If the actual date of application is more than 14 days later than the planned date provided in the notice, notice of the application required under this regulation shall be reissued.

D. Emergency Pesticide Applications

A pesticide may be applied in a school building or on school grounds without prior notification only if an emergency pest situation exists.

In the case of an emergency pesticide application in an elementary school building or school grounds, within 24 hours after pesticide application or on the next school day, the school will provide to each parent, guardian, or staff member:

1. Common name of the pesticide
2. Location of the application
3. Date and time of the application
4. The following language:

"The Office of Pesticide Programs of the United States Environmental Protection Agency has stated: *Where possible, persons who potentially are more sensitive, such as pregnant women and infants (less than two years old) should avoid any unnecessary pesticide exposure.*"

5. A brief description of potential adverse effects based upon the material safety data sheet of the pesticide applied

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E. Use of Bait Stations

Before a bait station is used in a school, the Integrated Pest Management Supervisor and/or his staff will place a notice or sign on the door of the room in which the bait station is placed indicating the date of placement, the name of the contact person for additional information including information on potential adverse effects. The notice or sign will remain posted until the bait station is removed.

F. Public Comments

The Integrated Pest Management Supervisor or his designee will monitor and address public comments regarding the Integrated Pest Management program practices of MCPS.

Regulation History: New Regulation July 17, 2000.

REGULATION

MONTGOMERY COUNTY PUBLIC SCHOOLS

Related Entries:

Responsible Office: Chief Operating Officer
Facilities Management

Recycling

I. PURPOSE

To set forth the process and guidelines for Montgomery County Public Schools (MCPS) staff, students, and other users of school facilities for recycling in accordance with Montgomery County Government regulation

II. DEFINITION

- A. *Recycling* is any process by which materials are diverted from a disposal facility and are collected, separated, processed, and returned to the economic mainstream in the form of raw materials or product for reuse.
- B. A *recycling plan* is a plan describing a program for solid waste reduction and recycling.
- C. An *MCPS Site* is defined as any school or facility, including grounds owned or occupied by MCPS.
- D. The *facility administrator* is the principal of a school or the administrator responsible for facilities other than schools.
- E. The *building recycling coordinator* is the individual designated by the facility administrator to coordinate the facility recycling program.
- F. The *recycling material specialist* is the individual assigned to the Division of Maintenance to coordinate material pick up and assist facilities with recycling plan implementation.

III. PROCEDURES

All public facilities are required by the Montgomery County Government to recycle 50 percent of all solid waste material generated.

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A. The director of the Department of Facilities Management is responsible for ensuring that the procedures outlined below are properly implemented.

1. Facility administrators for MCPS facilities will designate a building recycling coordinator to complete the following tasks:
 - a) Establish a comprehensive recycling plan for the facility. The facility administrator will endorse the recycling plan and submit a copy to the recycling material specialist prior to September 30 of each school year.
 - b) Form a team of staff, students, and community members to increase awareness of the need to recycle, build school/community support for the program, and provide oversight for compliance with the recycling plan.
2. Facility administrators will submit the name of the building recycling coordinator and a designated back-up to the recycling material specialist prior to September 15 of each school year.
3. The recycling material specialist will be responsible for assisting the building recycling coordinator and school-based staff in the implementation and maintenance of recycling programs for MCPS facilities.
4. The following items without food contamination will be recycled:
 - a) Paper
 - Office/classroom paper
 - Mixed paper
 - Magazines
 - Printer paper
 - Computer paper
 - Fax paper
 - Corrugated cardboard
 - Phone books
 - Newspaper
 - b) Other
 - Aluminum cans
 - Bi-metal (sheet and tin) cans

EXHIBIT H

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Glass bottles and jars
Plastic containers (must have a neck on them)
Yard trim (grass, leaves, and brush)

5. The Montgomery County Division of Solid Waste Services (MCDSWS) will assist in the development of recycling plans upon request.
6. MCDSWS will conduct periodic on-site evaluations to monitor the effectiveness of recycling programs and provide assistance for improving recycling efforts. Evaluation results and recommendations will be provided to the school and director, Department of Facilities Management.

Regulation History: New Regulation March 10, 2000.