



**NATIONAL PROCESSING AGREEMENT  
STATE PARTICIPATION AGREEMENT**

This agreement is subject to the terms and conditions set forth in the National Processing Agreement (NPA) made by and between the U.S. Department of Agriculture (USDA), Safety, Health and Nutrition Division and \_\_\_\_\_ (Processor).

\_\_\_\_\_ (Processor) duly attests that no alterations have been made to the American Commodity Distribution Association (ACDA) Core State Participation Agreement (SPA).

State Distributing Agency: Minnesota Department of Education  
Safety, Health and Nutrition Division  
1500 Hwy 36 West  
Roseville, MN 55113

Food Distribution Program Contact: Food Distribution Program  
Contact Phone Number: 651-582-8526  
Contact Fax Number: 651-582-8501  
E-mail: [fdp.notify@state.mn.us](mailto:fdp.notify@state.mn.us)  
Web Address: [Food Distribution Website](#)  
Name: Monica Herrera  
Title: Director Safety, Health and Nutrition

Date of Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Processor Name and Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Federal EIN: \_\_\_\_\_

Contact Name and Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-mail: \_\_\_\_\_

Web Address: \_\_\_\_\_

\*Name: \_\_\_\_\_

\*Title: \_\_\_\_\_

Date of Signature: \_\_\_\_\_

\*Authorized Signature: \_\_\_\_\_

**\*Authorized Signature:** This SPA must be signed by the owner, partner, or corporate officer duly authorized to sign contractual agreements. Disclosure of ownership by processor shall be submitted if requested by Minnesota Department of Education (MDE)-Safety, Health and Nutrition (SHN).

- Private Owned - The owner must sign this agreement.
- Partnership - A partner must sign this agreement.
- Corporation - A corporate officer must sign this agreement.

If an employee other than these specified individuals signs this agreement, a Power of Attorney indicating that employee's authority must accompany this agreement.

**Period of Agreement:** This agreement shall become effective on July 1, 2015, and may terminate on or before June 30, 2016. The agreement may be renewed up to four additional years, pursuant to USDA Policy Memorandum FD-048 to a (maximum of five years). Additionally, the SPA may be amended as necessary should any of the information change during the agreement period. This agreement shall not be amended except by a written agreement signed by the parties.

**Agreement Termination:** This agreement may be terminated by either party upon 30 days written notice. Disposition of the USDA Foods inventory shall be in accordance with Article 20 of the NPA.

Hold/recall contact information: The MDE-SHN and processor must provide each other with the following hold and recall contact information:

Primary point of contact

- Name
- Telephone number
- Mobile phone number
- Fax number
- Email address

A back-up contact if the primary is unavailable

- Name
- Telephone number
- Mobile phone number
- Fax number
- Email address

**Electronic Receipting for USDA Foods (Pursuant to USDA Policy Memorandum FD-062):**

- Processor must register on USDA's Web Based Supply Chain Management (WBSCM) or other applicable USDA system(s). Please register immediately after receiving your business partner identification number.
- Processor is required to enter all shipment receipts within three business days of delivery, using the WBSCM Shipment Receipt Function.

1. **Value Pass through Systems:** State agency will indicate which value pass through systems are acceptable in their state. Processor will indicate which value pass through systems they desire to use in the state and have been approved by USDA in the NPA.

Permitted by State	Value Pass Through System	Selected by Processor	Material Number(s)
	Alternate Value Pass Thru System* Minnesota Rebate Program (MRP) – (Substitute USDA Foods)		
	Fee-for-Service (FFS) – Fee billed by processor to Recipient Agency (RA)  (Non-substitutable USDA Foods such as beef and pork)		

**\*Sales verification is required for MRP:**

\_\_\_ State will conduct sales verification.

2. **Summary End Product Data Schedules (SEPDS):** Processor will submit a tailored SEPDS to MDE-SHN with the completed SPA. The tailored SEPDS contains summary information from approved master SEPDS approved by USDA. Processor may select specific end products for processing in a given state by tailoring the master SEPDS by removing the rows of items they do not want to offer in that state. The state also has the option to accept or reject individual products listed on the tailored SEPDS submitted to the state by the processor and, in the case of multiple USDA Foods available for processing, may accept or reject certain USDA Foods for processing. Note: the case weight listed on the SEPDS **MUST** match the label on the finished case.

Do you use a subcontractor for the production of any items covered in this agreement?

\_\_\_ Yes      \_\_\_ No

If yes, please identify the subcontractor by name, address, USDA plant number, and each item produced.

Processor must provide written notification to the state agency of any change(s) to the SEPDS including the nature of the change(s). Notification must be made electronically.

3. **Child Nutrition (CN) Labeling:** Products which contribute toward school meal pattern requirements may qualify for CN labeling. CN Labeling is optional. RAs may request CN labeled products.

4. **Nutritional Information:** RAs need nutritional information to comply with USDA regulations. Processor must provide nutrition information to RA. Check those that apply:

Processor's nutrition information is available on their website

Website: \_\_\_\_\_

Other method for providing nutrition information as needed or requested by RA:

5. **Grading:** Red meat grading will be performed under (check one):

Full Certification per Agricultural Marketing Service (AMS) Instruction Meat Grading and Certification (MGC 640) (formerly known as Option 2 grading)

Process Control Certification Program (PCCP) per AMS Instruction MGC 638

6. **By-products:** If by-products are produced, describe method of valuation and credit.

7. **List of Eligible Recipient Agencies:** MDE-FNS will provide a list of all eligible recipient agencies to the processor upon MDE-FNS approval of the SPA.

8. **Backhauling of USDA Foods:** State may approve backhauling under limited situations and only with specific prior written approval by MDE-FNS.

9. **Special Instructions for Delivery of End Product to Designated Delivery Locations:**

**10. Additional State Requirements:**

**Minnesota Terminology:**

*Cyber-Linked Interactive Child Nutrition System 1 (CLiCS 1)* – System utilized by the MDE-FNS that manages the Food Distribution Program (FDP).

*“Manufacturer”* – Term used to identify processors participating in the MRP Value Pass-Through option selected in section 1 above.

*“Processor”* – Term used to identify industry participating in the FFS Value Pass-Through option selected in section 1 above.

*“RA”* - Refers to the Recipient Agency (RA) which is a Minnesota FDP participant approved on the National School Lunch Program or the Summer Food Service Program.

**Availability of USDA Foods:**

- The SPA in no way constitutes a commitment that any donated foods will be shipped to a manufacturer or processor. The availability of USDA Foods depends upon the demand from Minnesota RAs plus the ability of USDA to purchase and acquire specified USDA Foods. Participation in this agreement in no way constitutes a commitment from USDA or the-MDE-SHN that the manufacturer or processor will receive any USDA Foods.
- This agreement simply assures that in the event a USDA Food is shipped to the manufacturer or processor, the value of those USDA Foods will pass through approved end products available to RAs under this agreement in relation to the amounts of USDA Foods contained in the end products.
- MDE-SHN makes ordering decisions based on the cumulative preference surveys from Minnesota RAs. Orders are made to USDA by full truckload, so manufacturers and processors must achieve the demand of at least a full truckload before Minnesota will place an order with USDA for delivery to the manufacturer or processor.

**FFS Processor (Beef and Pork):**

The FFS distribution model in Minnesota offers RAs the opportunity to divert non-substitutable USDA Foods beef and pork to MDE-SHN approved processors. The intent is to convert a specific USDA Food into more usable end products for school menus. RAs work directly with their approved processor and/or broker to determine the desired end products, the quantity of raw pounds to divert, the FFS charge and shipping and handling fees to acquire the product. Processors will inform/notify RAs of remaining balance on January 31. RAs enter requested total quantity of pounds in CLiCS 1 system for the FFS survey. MDE-SHN will summarize and collect demand information at the of the survey. RAs track and coordinate the receipt of the desired end products with the processor.

**Processor Responsibility:**

- Collaborate with applicable RAs participating in the FFS channel in identifying appropriate end-products and providing quantity of raw pounds to divert for RA's needs and for the RA to enter into a CLiCS 1 preference survey.
- All logistics related to the distribution and billing in the State of Minnesota (more details outlined below in "Logistics").
- Monthly Performance Reports (MPRs) and the documentation of inventory reductions at RA and state level (MPR details outlined below).
- MPRs must be e-mailed to [fdp.notify@state.mn.us](mailto:fdp.notify@state.mn.us) monthly.
- Adhere to communication guidelines (outlined below in communication guidelines).
- Ensure contact information is always up-to-date with MDE-SHN including but not limited to Hold/Recall Contact Information, CLiCS 1 contact information, representative and or broker if applicable.
- Processors will inform/notify RAs of remaining balance January 31.

**MDE-FNS Responsibility:**

- MDE-FNS will provide RAs the opportunity to divert beef/pork commodities to a selected approved processor via the drop down list in CLiCS 1.
- MDE-FNS will aggregate the amount of total diverted pounds per approved processor and round up or down the aggregated quantity based on the overall surveyed demand and ability to order commodity from USDA in full truckloads.

- MDE-SHN will provide the processor a list of RAs who surveyed specific to processor, with their actual allocated USDA Foods quantity based on rounded survey demand and truck(s) ordered from USDA.
- MDE-SHN will also provide processors with access to CLiCS 1.

**Logistics: Processor is responsible for arranging product delivery logistics within the State of Minnesota and coordinating efforts with each respective RA.** *All USDA Foods sent to a processor must be processed and delivered to the RA by the end of the school year (June 30). If this deadline is not met, the processor has the following options:*

1. For donated food not processed or product not shipped by June 30, pay schools the value of the donated food by August 30.
2. For products processed but not shipped by June 30, contact MDE-SHN for written approval to “carry over” processed quantities and ship to identified schools no later than September 15. There must be a delivery schedule included for each RA.
3. MDE-SHN under limited situations, and only with specific prior written approval, may grant processor approval to “carry over” raw pounds of USDA Foods not processed to be produced for specific RAs during the following school year. Prior written approval by June 30, 2015, must be granted by MDE-SHN. There must also be a copy of RA’s order and as delivery schedule for each RA.

MDE-SHN does not allow negative USDA Food inventories to roll forward into the next school year for any specific RA, as all processors receive electronic third notifications which state the exact USDA Foods allocations per RA. Processors must agree by checking the “Yes” box below to not allow a negative balance to occur.

\_\_\_\_ Yes

Processors must provide a written explanation outlining their prevention or management of negative inventory at an RA level.

**MPR Details:**

*At a minimum each MPR shall include:*

1. USDA Foods inventory at the beginning and ending of the reporting period.
2. **Format for detailed MPR for inventory drawdown at an RA level must at a minimum include:**
  - a. **A list of RAs by name.**
  - b. **Assigned beginning USDA Foods allocation by RA.**
  - c. **The quantity of each end product purchased by the RA for the month being reported for which the RA received the USDA Food.**
  - d. **The ending USDA Foods inventory by RA.**
3. Total quantity of USDA Foods reported to MDE-SHN.
4. Total number of units/cases of approved end products by product code and brand name.
5. Total number of pounds of USDA Foods reduced from inventory and year-to-date totals.

### **Communication Guidelines:**

- Processor agrees to have Internet access and communicate electronically to ensure timely notifications of USDA Foods deliveries notifications and MPR.
- Participating RAs are required to complete online CLiCS 1 preference surveys which are the request for USDA Foods.
- Processor must register on the USDA's WBSCM system.
- **Verification of Receipt (VOR):** Processor will verify receipt of the USDA Foods electronically using the WBSCM system. Processor will complete "Receive Shipments" under Shipment Notification in WBSCM within three (3) business days after receiving USDA Foods. MDE-SHN will only accept WBSCM receipt as a VOR.
- MDE-SHN will provide the processor the following notifications for each USDA Food electronically:
  - **Order Confirmation:** This notification confirms that MDE-SHN ordered of the USDA Foods in WBSCM and notifies the processor of the requested delivery period.
  - **USDA Foods Allocation:** This file is sent to the processor after MDE-SHN enters the VOR from the processor generated by WBSCM into CLiCS 1.

### **MRP:**

The MRP is an alternate pass-through model approved only for Minnesota by USDA. This distribution model offers a rebate to RAs through a state-administered rebate system where RAs are able to utilize their commodity entitlement with approved commercial foodservice products (from approved USDA manufacturers accepting USDA Foods) available through their foodservice distributors. RAs participate in the MRP by submitting requested purchase quantities of approved rebate groups offered on Minnesota CLiCS 1 Product Surveys for the school year. MDE-SHN will summarize demand information from the survey. RAs are able to monitor, track and submit MRP rebate claims through CLiCS 1 and eligible rebates are paid by MDE-SHN when the full value payment of the commodity is received per manufacturer.

### **CLiCS 1:**

- MDE-SHN manages the Food Distribution Program through the CLiCS 1. MDE utilizes CLiCS 1 to collect order preferences from RAs and then aggregates the amounts to base purchase quantities of the USDA Foods. The system allows:
  - RAs to survey, track and release rebate claims.
  - Manufacturers or their representatives (such as brokers or consultants) to access the following:
    - manufacturer Profile for updates 24/7.
    - list of approved commercial products.
    - survey results.
    - rebates claimed.
    - manufacturer cash receipts.
- A user ID and password is necessary to access CLiCS 1. Refer to Partner User ID/Password Request provided by MDE-SHN.
- Each User ID is an electronic signature in CLiCS 1 and is specific to an individual per manufacturer/broker and should not be shared between users.

### ***Manufacturer Responsibility:***

- Meet the minimum participation criteria and demand for a truckload of USDA Foods items (outlined below under Minimum Participation Criteria).
- Complete the CLiCS 1 User ID Password Access form for each member of staff (or broker's staff) needing access (minimum of two staff required to have access) or submit a form to delete those staff who no longer require access.
- Include completed CLiCS 1 forms with the SPA.
- The manufacturer will verify the receipt of the USDA Foods electronically using USDA's WBSCM System within three (3) days of receipt.
- The manufacturer shall pay the MDE-SHN electronic invoice for the full value of the USDA Foods received immediately upon notice of receipt.
- Download MPR and back up file from the Manufacturer Profile in CLiCS 1 within three months after it is posted. Adhere to communication guidelines and agree to Payment Obligations and Billing Term Selection (option listed below in Payment Obligations and Billing Term Selection).
- Ensure contact information is always up-to-date with MDE-SHN including, but not limited to, hold/recall contact information, CLiCS1 contact information, representative and or broker if applicable.

### ***MDE-FNS Responsibility:***

- MDE-SHN will prepare and have MPR in CLiCS 1 (in the Manufacturer Profile) available for three months for the manufacturer participating in the MRP.
- MDE-SHN calculates the rebate amounts for each commercial product offered based on the SEPDS.
- MDE-SHN will send an automated invoice for payment once USDA Foods have been diverted to the manufacturer, delivery is confirmed and VOR is entered.
- MDE-SHN pays the rebate to the RA when full value payment is received from the manufacturer.
- MDE-SHN reserves the right to approve and/or delete products offered per manufacturer on the MRP as well as suspend a manufacturer from the MRP for non-compliance of any outlined responsibility or obligation within this agreement.

### **Minimum Participation Criteria:**

Manufacturers that meet the following minimum participation criteria shall be granted approval to be included on a MRP Preference Survey.

- USDA approved NPA allowing the manufacturer substitution of the USDA Foods while having a processing type of 100 percent Yield, Standard Yield, or Guaranteed Return.
- **Manufacturers with previously approved USDA Foods on MRP.** MDE-SHN will determine if criteria are met for each USDA Foods based on prior year sales RAs claimed in CLiCS 1 for continuation with MDE-SHN-FDP MRP (individual products may not be approved due to lack of sales to RAs). For any manufacturer requesting a new USDA Foods not previously on the MRP, the manufacturer needs to demonstrate commercial availability of foodservice product(s) in Minnesota via broad line distribution. Manufacturers/brokers will need to provide detail volume usage reports and listing of the distributors carrying the product, proof of sales (outlined below) over the past year to demonstrate that Minnesota RAs have purchased the commercially available product to



adequately support the utilization of one full truckload of raw/unfinished USDA Foods within a year time frame.

- Provide copies of sales volume reports from individual distributors detailing the commercial product and quantity sold to each individual RA for the past year.
- Provide two summaries (outlined below) of distributor volume reports in Excel format:
  - Totals by distributor detailing how many commercial products were sold to Minnesota RAs by commercial product per distributor.
  - Totals across the state by product detailing how many commercial products were sold to Minnesota RAs by commercial product, including raw USDA Foods drawdown (if applicable) by product, and the total state drawdown (if it would have been used) for the sales history.
- **New or re-instated manufacturers** must demonstrate commercial availability of foodservice product(s) in Minnesota via broad line distribution. A detailed volume usage report and listing of the distributors carrying the product will need to be provided. New manufacturers: provide proof of sales (outlined below) over the past year to demonstrate that Minnesota RAs have purchased the commercially available product to adequately support the utilization of one full truckload of raw/unfinished USDA Foods within a year time frame.
- Provide copies of sales volume reports from individual distributors detailing the commercial product and quantity sold to each individual RA for the past year.
- Provide two summaries (outlined below) of distributor volume reports in Excel format:
  - Totals by distributor detailing how many commercial products were sold to Minnesota RAs by commercial product per distributor.
  - Totals across the state by product detailing how many commercial products were sold to Minnesota RAs by commercial product, including raw USDA Foods drawdown (if applicable) by product, and the total state drawdown (if it would have been used) for the sales history.
- Meet all of the agreement requirements by the defined application timelines.

#### **MPRs:**

- MDE-SHN will create MPRs for the amount of USDA Foods used by RA(s). MDE-SHN will provide the MPR after the end of month to each manufacturer via CLiCS 1. Each MPR shall be available for only 90 days after posting to participating MRP Manufacturer's Profile screen in CLiCS 1.
- MPRs must be e-mailed to [fdp.notify@state.mn.us](mailto:fdp.notify@state.mn.us).

#### **Communication Guidelines:**

- Manufacturer agrees to have Internet access and communicate electronically to ensure timely notifications of USDA Foods deliveries and MPRs.
- Manufacturer agrees to apply for access to CLiCS 1 for each member of staff (or broker's staff) needing access. A minimum of two individuals are required to have access to view MRPs and RA rebate activities.
- Participating RAs shall complete online CLiCS 1 preference surveys, which are their requests to divert USDA Foods to a manufacturer.
- Manufacturer must register on the USDA's WBSCM System.
- Manufacturer will register with WBSCM prior to submitting their completed SPA.

- MDE-SHN will provide manufacturer the following electronic notifications for each commodity:
  - **Order Confirmation:** This notification confirms MDE-SHN entered the ordered USDA Foods truck(s) in CLiCS 1 and notifies the manufacturer of the requested delivery period the truck should arrive.
  - **Invoice:** Sent to the manufacturer after MDE-SHN enters into CLiCS 1 the WBSCM generated VOR from the manufacturer's entry, based on the actual pounds of USDA Foods reported in WBSCM as received by the Rebate Payment Option selection.

**Payment Obligations and Billing Term Selection:**

MDE-SHN reserves the right to suspend a manufacturer from the MRP for non-compliance of any outlined responsibilities in the SPA, especially in relation to these payment obligations.

The manufacturer shall fulfill the MRP payment obligations after the manufacturer has possession of the USDA Foods. The obligations set forth as follows:

- The manufacturer verifies the receipt of USDA Foods electronically using USDA's WBSCM System within three (3) days of receipt.
- The manufacturer shall pay the MDE-SHN electronic invoice for the full value of the USDA Foods received upon notice of receipt according to agreed payment terms.
- The manufacturer shall not exceed the MDE-SHN electronic invoice's outline term, requiring payment within 30 days.
  - This payment fulfills the manufacturer rebate obligation
  - The receipt of payment in CLiCS 1 initiates the ability of funds for RAs to receive rebate payments from MDE-SHN.
- The manufacturer shall send final payment to MDE-SHN to arrive no later than August 15, 2015, for the full value of all USDA Foods received by the manufacturer.
  - The final invoice from MDE-SHN shall be on July 15, 2015, for any USDA Foods received by the manufacturer not previously invoiced, regardless of payment terms established.
- **The manufacturer shall select the following billing terms by initialing the line:**

\_\_\_\_\_ "Invoice upon Receipt" – Upon receipt of the USDA truckload verified in WBSCM, MDE-SHN shall bill the manufacturer for the full value of the USDA Foods truckload, which the manufacturer shall pay within 30 days.

\_\_\_\_\_ Request terms based on the manufacturer's inability to pay for the full value of USDA Foods truckload in one payment. MDE-SHN will only grant approval of the request based on need, when less than two truckloads are ordered on behalf of the manufacturer for the school year. Prior approval by MDE-SHN is required.

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339; or (800) 845-6136 (Spanish).

USDA is an equal opportunity provider and employer.



**Hold/Recall Contact Form**  
**State Agency – Minnesota Department of Education**

**PROCESSOR HOLD AND RECALL CONTACT INFORMATION**

Name of Processor \_\_\_\_\_

**Primary Contact**

Name \_\_\_\_\_

Office Phone Number \_\_\_\_\_

Mobile Phone Number \_\_\_\_\_

Fax Number \_\_\_\_\_

Email Address \_\_\_\_\_

**Back-up Contact**

Name \_\_\_\_\_

Office Phone Number \_\_\_\_\_

Mobile Phone Number \_\_\_\_\_

Fax Number \_\_\_\_\_

Email Address \_\_\_\_\_

**PLEASE COMPLETE AND RETURN ALONG WITH THE STATE PARTICIPATION  
AGREEMENT AND NOTIFY THE STATE AGENCY IMMEDIATELY AS CHANGES OCCUR**