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Santa Ana College • Santiago Canyon College

## **BOARD OF DIRECTORS REGULAR MEETING**

Thursday, July 16, 2015 - 1:00 p.m.

Board Room #107, District Office

### **MINUTES**

#### **I. CALL TO ORDER**

The meeting was called to order at 1:04 p.m. by Ms. Arianna Barrios. Ms. Kristin Crellin arrived at 1:06 p.m. and then presided over the meeting.

#### **II. ROLL CALL**

Members in attendance: Ms. Arianna Barrios, Mr. David Coffaro, Ms. Kristin Crellin, Mr. Todd O. Litfin, Mr. Eddie Marquez and Ms. Nelida Mendoza Yáñez

Ex-Officio Voting Members in attendance: Mr. Peter Hardash, Mr. Enrique Perez and Dr. Raúl Rodríguez

Ex-Officio Non-Voting Members in attendance: Mr. John Didion

Guests: Mr. Ken August and Mr. Robert Feldhake

Not Present: Mr. Hector J. Infante, Mr. Richard Porras, Dr. Erlinda Martinez and Dr. John Weispenning

#### **III. APPROVAL OF THE AGENDA**

##### **A. Amendments and Corrections**

There were no amendments or corrections to the agenda.

##### **B. Approval of Agenda**

It was moved by Mr. Marquez, seconded by Ms. Mendoza Yanez and carried unanimously to approve the July 16, 2015 Regular Meeting Agenda.

#### **IV. APPROVAL OF MINUTES**

##### **A. Corrections**

No corrections were made to the minutes of the June 23, 2015 annual meeting or June 23, 2015 regular meeting.

#### **FOUNDATION BOARD MEMBERS:**

Claudia C. Alvarez • Arianna Barrios • Kristin Crellin • Hector J. Infante • Todd O. Litfin • Eddie Marquez • Nelida Mendoza Yáñez • Richard Porras • David G. Coffaro

**Ex-Officio Members-Voting:** Dr. Raúl Rodríguez • Peter Hardash • Enrique Perez

**Ex-Officio Members-Non Voting:** John Didion • Dr. Erlinda Martinez • Dr. John Weispenning

B. Approval of the Minutes

It was moved by Mr. Litfin, seconded by Ms. Mendoza Yanez and carried unanimously to approve the June 23, 2015 annual meeting minutes and June 23, 2015 regular meeting minutes.

V. PUBLIC COMMENT

There were no public comments.

VI. PRESIDENT'S REPORT

No report was given by the President.

VII. EXECUTIVE DIRECTOR'S REPORT

No report was given by the Executive Director.

VIII. BOARD MEMBER COMMENTS

Mr. Marquez stated that he had to leave the meeting, but wished to express his confidence in Chancellor Rodriguez and Executive Director Perez and his wholehearted support of the contract and addendum to be discussed and voted upon at the meeting.

IX. ITEMS FOR DISCUSSION AND/OR ACTION

A. Second review, update on and Approval of the Capability Building Contract, including Addendum, as between Rancho Santiago Community College District Foundation with the Colleges of Excellence Company and Al Khaleej Training and Education in the Kingdom of Saudi Arabia

Mr. Feldhake presented the contract and addendum for approval. It was noted that the addendum was approved by the Colleges of Excellence with no revisions and provides the protections the Board requested. Mr. Feldhake updated the Board on the Joint Venture Agreement, which will be brought back for approval.

Discussion ensued.

It was moved by Mr. Coffaro, seconded by Mr. Litfin and carried unanimously to approve the Capacity Building Contract and Addendum.

X. CLOSED SESSION

A. Pending or potential litigation – Faculty Association of the Rancho Santiago Community College District re alleged Brown Act violations by the Foundation Board. Govt. Code §54956.9(a), (b) and (c)

The Board convened into closed session at 1:25 p.m. to consider: pending or potential litigation pursuant to Government Code Section §54956.9(a), (b) and (c).

**XIV. RETURN TO OPEN SESSION**

The Board reconvened at 1:40 p.m.

Ms. Crellin reported the Board discussed pending or potential litigation and took no reportable action during closed session.

**XV. FOR INFORMATION**

**Conflict of Interest Statements for 2015-2016**

Ms. Crellin noted that Board members are asked to complete the Conflict of Interest Statements for 2015-2016 that were provided at the meeting. Mr. Perez stated that this is an annual request and all completed forms should be returned to his office.

**XVI. FUTURE MEETINGS**

Tuesday, September 22, 2015 – Board of Directors Regular Meeting

**XVII. ADJOURNMENT**

The next regular meeting of the Board of Directors will be held on September 22, 2015 at 2323 N. Broadway, Santa Ana, California 92706 at 12 p.m.

There being no further business, Ms. Crellin adjourned the meeting at 1:42 p.m.

Minutes Approved: (date)

**Rancho Santiago Community College District Foundation**  
**Statement of Activities**  
**Year to date ending 05/31/15**

|   | Unrestricted<br>Fund (91) | Investment/<br>unrestricted<br>Fund (92) | Scholarship<br>Fund | Restricted<br>Fund (97) | Total<br>All Funds  |
|---|---------------------------|--|---------------------|-------------------------|---------------------|
| <b>Revenue</b>                                    |                           |  |                     |                         |                     |
| Contributions, gifts, donations                   | \$7,500.00                | \$0.00                                   | \$0.00              | \$67,500.00             | \$75,000.00         |
| Fundraising                                       | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Interest and dividends                            | 71.72                     | 0.00                                     | 0.00                | 0.00                    | 71.72               |
| Realized/unrealized gains (losses)                | 0.00                      | 4,337.44                                 | 0.00                | 0.00                    | 4,337.44            |
| ATM surcharge revenue                             | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Transfers In (sale of assets)                     | 150,000.00                | 0.00                                     | 0.00                | 0.00                    | 150,000.00          |
| In kind assets, services, facilities              | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| <b>Total revenue</b>                              | <b>\$157,571.72</b>       | <b>4,337.44</b>                          | <b>\$0.00</b>       | <b>67,500.00</b>        | <b>229,409.16</b>   |
| <b>Expenditures</b>                               |                           |  |                     |                         |                     |
| Salaries, wages, benefits                         | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Supplies, board expense.                          | 443.60                    | 0.00                                     | 0.00                | 0.00                    | 443.60              |
| Contract and outside services - SBDC pass thru    | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Distribution of Investment to College Foundations | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Travel and Conference Expense                     | 41.83                     | 0.00                                     | 0.00                | 0.00                    | 41.83               |
| Licenses, dues, memberships                       | 1,007.00                  | 0.00                                     | 0.00                | 0.00                    | 1,007.00            |
| Facility and equipment rentals                    | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Legal, audit, professional fees                   | 9,390.00                  | 0.00                                     | 0.00                | 0.00                    | 9,390.00            |
| Bank Charges & Investment Fees                    | 15.00                     | 2,695.44                                 | 0.00                | 0.00                    | 2,710.44            |
| Other operating expenses/services, bank fees      | 3,435.00                  | 0.00                                     | 0.00                | 100.00                  | 3,535.00            |
| Community/Public Relations - International        | 81,484.29                 | 0.00                                     | 0.00                | 0.00                    | 81,484.29           |
| Transfers Out                                     | 0.00                      | 150,000.00                               | 0.00                | 0.00                    | 150,000.00          |
| Scholarships/program grants - Coleman             | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| <b>Total expenditures</b>                         | <b>95,816.72</b>          | <b>152,695.44</b>                        | <b>0.00</b>         | <b>100.00</b>           | <b>248,612.16</b>   |
| <b>Revenue over (under) expenditures</b>          | <b>61,755.00</b>          | <b>(148,358.00)</b>                      | <b>0.00</b>         | <b>67,400.00</b>        | <b>(19,203.00)</b>  |
| <b>Beginning net asset balance</b>                | <b>33,827.46</b>          | <b>310,293.17</b>                        | <b>0.00</b>         | <b>38,941.94</b>        | <b>383,062.57</b>   |
| <b>Ending net asset balance</b>                   | <b>\$95,582.46</b>        | <b>\$161,935.17</b>                      | <b>\$0.00</b>       | <b>\$106,341.94</b>     | <b>\$363,859.57</b> |

Rancho Santiago Community College District Foundation  
Statement of Financial Position  
At 05/31/15

|   | Investment/<br>unrestricted |                     |               |               | Scholarship<br>Fund | Restricted<br>Fund (97) | Total<br>All Funds | bank statement |
|---|-----------------------------|---------------------|---------------|---------------|---------------------|-------------------------|--------------------|----------------|
|   | Unrestricted<br>Fund (91)   | Fund (92)           |               |               |                     |                         |                    |                |
| <b>ASSETS</b>                           |                             |                     |               |               |                     |                         |                    |                |
| Cash and equivalents                    | \$103,384.26                | \$9,246.06          | \$0.00        | \$0.00        | 75,514.75           | \$188,145.07            | 188,145.07         | 0.00           |
| Accounts receivable                     | 0.00                        | 0.00                | 0.00          | 0.00          | 30,827.19           | 30,827.19               |                    |                |
| Due to (from) other funds               | 0.00                        | 0.00                | 0.00          | 0.00          | 0.00                | 0.00                    |                    |                |
| Investments, at fair value              | 0.00                        | 152,689.11          | 0.00          | 0.00          | 0.00                | 152,689.11              |                    |                |
| Office Equipment                        | 522.87                      | 0.00                | 0.00          | 0.00          | 0.00                | 522.87                  |                    |                |
| <b>Total assets</b>                     | <b>\$103,907.13</b>         | <b>\$161,935.17</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$106,341.94</b> | <b>\$372,184.24</b>     |                    |                |
| <b>LIABILITIES AND NET ASSETS</b>       |                             |                     |               |               |                     |                         |                    |                |
| <b>Liabilities</b>                      |                             |                     |               |               |                     |                         |                    |                |
| Accounts payable/ deferred revenues     | \$8,324.67                  | \$0.00              | \$0.00        | \$0.00        | \$0.00              | \$8,324.67              |                    |                |
| Due to affiliated foundations           | 0.00                        | 0.00                | 0.00          | 0.00          | 0.00                | 0.00                    |                    |                |
| Due to organizations                    | 0.00                        | 0.00                | 0.00          | 0.00          | 0.00                | 0.00                    |                    |                |
| <b>Total Liabilities</b>                | <b>8,324.67</b>             | <b>0.00</b>         | <b>0.00</b>   | <b>0.00</b>   | <b>0.00</b>         | <b>8,324.67</b>         |                    |                |
| <b>Net Assets</b>                       |                             |                     |               |               |                     |                         |                    |                |
| Unrestricted                            | 95,582.46                   | 0.00                | 0.00          | 0.00          | 0.00                | 95,582.46               |                    |                |
| SBDC Pass Thru Donations                | 0.00                        | 0.00                | 0.00          | 0.00          | 67,500.00           | 67,500.00               |                    |                |
| Investment/Restricted Programs          | 0.00                        | 161,935.17          | 0.00          | 0.00          | 38,841.94           | 200,777.11              |                    |                |
| <b>Total net assets</b>                 | <b>95,582.46</b>            | <b>161,935.17</b>   | <b>0.00</b>   | <b>0.00</b>   | <b>106,341.94</b>   | <b>363,859.57</b>       |                    |                |
| <b>Total liabilities and net assets</b> | <b>\$103,907.13</b>         | <b>\$161,935.17</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$106,341.94</b> | <b>\$372,184.24</b>     |                    |                |

Rancho Santiago Community College District Foundation  
Statement of Activities  
Year to date ending 06/30/15

|   | Unrestricted<br>Fund (91) | Investment/<br>unrestricted<br>Fund (92) | Scholarship<br>Fund | Restricted<br>Fund (97) | Total<br>All Funds  |
|---|---------------------------|--|---------------------|-------------------------|---------------------|
| <b>Revenue</b>                                    |                           |  |                     |                         |                     |
| Contributions, gifts, donations                   | \$7,500.00                | \$0.00                                   | \$0.00              | \$68,500.00             | \$76,000.00         |
| Fundraising                                       | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Interest and dividends                            | 83.03                     | 0.00                                     | 0.00                | 0.00                    | 83.03               |
| Realized/unrealized gains (losses)                | 0.00                      | 3,730.73                                 | 0.00                | 0.00                    | 3,730.73            |
| ATM surcharge revenue                             | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Transfers In (sale of assets)                     | 150,000.00                | 0.00                                     | 0.00                | 0.00                    | 150,000.00          |
| In kind assets, services, facilities              | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| <b>Total revenue</b>                              | <b>\$157,583.03</b>       | <b>3,730.73</b>                          | <b>\$0.00</b>       | <b>68,500.00</b>        | <b>229,813.76</b>   |
| <b>Expenditures</b>                               |                           |  |                     |                         |                     |
| Salaries, wages, benefits                         | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Supplies, board expense.                          | 443.60                    | 0.00                                     | 0.00                | 0.00                    | 443.60              |
| Contract and outside services - SBDC pass thru    | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Distribution of Investment to College Foundations | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Travel and Conference Expense                     | 41.83                     | 0.00                                     | 0.00                | 0.00                    | 41.83               |
| Licenses, dues, memberships                       | 1,007.00                  | 0.00                                     | 0.00                | 0.00                    | 1,007.00            |
| Facility and equipment rentals                    | 0.00                      | 0.00                                     | 0.00                | 0.00                    | 0.00                |
| Legal, audit, professional fees                   | 9,390.00                  | 0.00                                     | 0.00                | 0.00                    | 9,390.00            |
| Bank Charges & Investment Fees                    | 15.00                     | 2,695.44                                 | 0.00                | 0.00                    | 2,710.44            |
| Other operating expenses/services, bank fees      | 3,435.00                  | 0.00                                     | 0.00                | 0.00                    | 3,435.00            |
| Community/Public Relations - International        | 253,242.36                | 0.00                                     | 0.00                | 0.00                    | 253,242.36          |
| Transfers Out                                     | 0.00                      | 150,000.00                               | 0.00                | 0.00                    | 150,000.00          |
| Scholarships/program grants - Coleman             | 0.00                      | 0.00                                     | 0.00                | 2,100.00                | 2,100.00            |
| <b>Total expenditures</b>                         | <b>267,574.79</b>         | <b>152,695.44</b>                        | <b>0.00</b>         | <b>2,100.00</b>         | <b>422,370.23</b>   |
| <b>Revenue over (under) expenditures</b>          | <b>(109,991.76)</b>       | <b>(148,964.71)</b>                      | <b>0.00</b>         | <b>66,400.00</b>        | <b>(192,556.47)</b> |
| <b>Beginning net asset balance</b>                | <b>33,827.46</b>          | <b>310,293.17</b>                        | <b>0.00</b>         | <b>38,941.94</b>        | <b>383,062.57</b>   |
| <b>Ending net asset balance</b>                   | <b>(\$76,164.30)</b>      | <b>\$161,328.46</b>                      | <b>\$0.00</b>       | <b>\$105,341.94</b>     | <b>\$190,506.10</b> |

Rancho Santiago Community College District Foundation  
Statement of Financial Position  
At 06/30/15

|                                     | Investment/<br>Unrestricted |              |                     |                         |              | Total      | bank statement |
|-------------------------------------|-----------------------------|--------------|---------------------|-------------------------|--------------|------------|----------------|
|                                     | Fund (91)                   | Fund (92)    | Scholarship<br>Fund | Restricted<br>Fund (97) | All Funds    |            |                |
| <b>ASSETS</b>                       |                             |              |                     |                         |              |            |                |
| Cash and equivalents                |                             |              |                     |                         |              |            |                |
| Accounts receivable                 |                             |              |                     |                         |              |            |                |
| Due to (from) other funds           |                             |              |                     |                         |              |            |                |
| Investments, at fair value          |                             |              |                     |                         |              |            |                |
| Office Equipment                    |                             |              |                     |                         |              |            |                |
| Total assets                        | \$37,969.42                 | \$9,246.06   | \$0.00              | 74,514.75               | \$121,730.23 | 121,730.23 | 0.00           |
|                                     | 608.06                      | 0.00         | 0.00                | 30,827.19               | 31,435.25    |            |                |
|                                     | 0.00                        | 0.00         | 0.00                | 0.00                    | 0.00         |            |                |
|                                     | 0.00                        | 152,082.40   | 0.00                | 0.00                    | 152,082.40   |            |                |
|                                     | 522.87                      | 0.00         | 0.00                | 0.00                    | 522.87       |            |                |
|                                     | \$39,100.35                 | \$161,328.46 | \$0.00              | \$105,341.94            | \$305,770.75 |            |                |
| <b>LIABILITIES AND NET ASSETS</b>   |                             |              |                     |                         |              |            |                |
| <b>Liabilities</b>                  |                             |              |                     |                         |              |            |                |
| Accounts payable/ deferred revenues | \$115,264.65                | \$0.00       | \$0.00              | \$0.00                  | 115,264.65   |            |                |
| Due to affiliated foundations       | 0.00                        | 0.00         | 0.00                | 0.00                    | 0.00         |            |                |
| Due to organizations                | 0.00                        | 0.00         | 0.00                | 0.00                    | 0.00         |            |                |
| Total Liabilities                   | 115,264.65                  | 0.00         | 0.00                | 0.00                    | 115,264.65   |            |                |
| <b>Net Assets</b>                   |                             |              |                     |                         |              |            |                |
| Unrestricted                        | (76,164.30)                 | 9,246.06     | 0.00                | 0.00                    | (66,918.24)  |            |                |
| SBDC Pass Thru Donations            | 0.00                        | 0.00         | 0.00                | 67,500.00               | 67,500.00    |            |                |
| Investment/Restricted Programs      | 0.00                        | 152,082.40   | 0.00                | 37,841.94               | 189,924.34   |            |                |
| Total net assets                    | (76,164.30)                 | 161,328.46   | 0.00                | 105,341.94              | 190,506.10   |            |                |
| Total liabilities and net assets    | \$39,100.35                 | \$161,328.46 | \$0.00              | \$105,341.94            | \$305,770.75 |            |                |

Prepared for:

**R.S.C.C.D. FOUNDATION**

**Portfolio Review**

Information as of August 31, 2015  
Prepared on September 14, 2015

Prepared by:

**Frederick Fong**

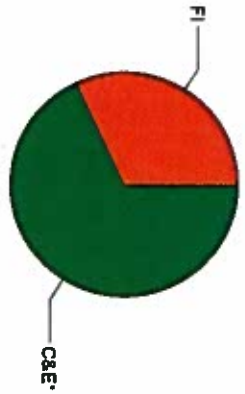
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Composite Allocation prepared for R.S.C.C.D. FOUNDATION as of 08/31/15

Asset Allocation



| Asset Class           | Market Value     | % of Total   |
|-----------------------|------------------|--------------|
| Cash & Eqv. [C&E]     | \$103,575        | 68.0         |
| Fixed Income [FI]     | 48,806           | 32.0         |
| Equities [EQ]         | -                | -            |
| Alternative Inv. [AI] | -                | -            |
| Other [O]             | -                | -            |
| <b>Total Assets</b>   | <b>\$152,381</b> | <b>100.0</b> |

\*Available Cash is \$0 or 0.00%.

Style Analysis

| Fixed Income (% of Household) | Domestic |         |      | Equity (% of Household) |        |        |
|-------------------------------|----------|---------|------|-------------------------|--------|--------|
|                               | Short    | Intern. | Long | Value                   | Core   | Growth |
| High Quality                  | 0.0      | 0.0     | 0.0  | 0.0                     | 0.0    | 0.0    |
| Medium Quality                | 0.0      | 0.0     | 0.0  | 0.0                     | 0.0    | 0.0    |
| Low Quality                   | 0.0      | 0.0     | 0.0  | 0.0                     | 0.0    | 0.0    |
| International                 | N/A      |         |      | International           | Other  | Other  |
|                               | 0.0      |         | 32.0 | Core                    | Emerg. | 0.0    |
|                               |          |         |      | 0.0                     | 0.0    | 0.0    |

Asset Allocation Detail

| Account No.                  | Account               | Cash Equivalents <sup>1</sup> | Fixed Income    | Equities | Alternative Investments | Other | Account Value    |
|------------------------------|-----------------------|-------------------------------|-----------------|----------|-------------------------|-------|------------------|
| <b>R.S.C.C.D. FOUNDATION</b> |                       |                               |                 |          |                         |       |                  |
| 202-212548                   | R.S.C.C.D. FOUNDATION | 103,575                       | 48,806          | -        | -                       | -     | 152,381          |
|                              | REG                   | 68.0%                         | 32.0%           | -        | -                       | -     | 100.0%           |
| <b>Portfolio Total</b>       |                       | <b>\$103,575</b>              | <b>\$48,806</b> | -        | -                       | -     | <b>\$152,381</b> |
|                              |                       | 68.0%                         | 32.0%           | -        | -                       | -     | 100.0%           |
| <b>Household Total</b>       |                       | <b>\$103,575</b>              | <b>\$48,806</b> | -        | -                       | -     | <b>\$152,381</b> |
|                              |                       | 68.0%                         | 32.0%           | -        | -                       | -     | 100.0%           |

<sup>1</sup> May include fixed income due within a year.

If external holdings were provided, they have been included in this report in order to provide you with a more complete picture of your financial holdings. Please note: Morgan Stanley Smith Barney LLC is not responsible for information (including valuations) from external sources. Please contact your financial advisor to update your information.

continued on next page

**Brokerage Accounts Allocation prepared for R.S.C.D. FOUNDATION as of 08/31/15**

**Top Holdings**

| Security Name                       | Market Value     | Portfolio % of |
|-------------------------------------|------------------|----------------|
| MS LIQUID ASSET FUND                | \$103,575        | 68.0           |
| VANGUARD SHORT-TERM CORPORATE       | 48,806           | 32.0           |
| <b>Total Brokerage Top Holdings</b> | <b>152,381</b>   | <b>100.0</b>   |
| <b>Total Brokerage</b>              | <b>\$152,381</b> | <b>100.0</b>   |

**Asset Allocation**

| Asset Class             | Market Value     | % of Total   |
|-------------------------|------------------|--------------|
| Cash & Equivalents      | \$103,575        | 68.0         |
| Fixed Income            | \$48,806         | 32.0         |
| Equities                | -                | -            |
| Alternative Investments | -                | -            |
| Other                   | -                | -            |
| <b>Total</b>            | <b>\$152,381</b> | <b>100.0</b> |

**Asset Allocation**



**Style Analysis**

Equity (% of Household)  
Domestic

| Value | Core | Growth |             |
|-------|------|--------|-------------|
| 0.0   | 0.0  | 0.0    | Large Size  |
| 0.0   | 0.0  | 0.0    | Medium Size |
| 0.0   | 0.0  | 0.0    | Small Size  |

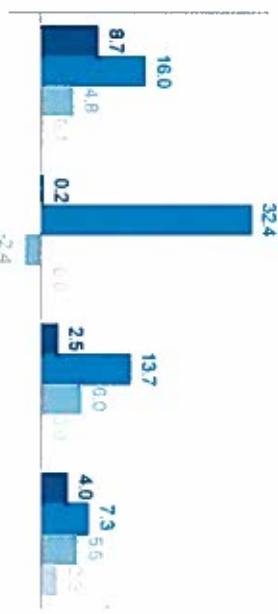
| International | Other |
|---------------|-------|
| Core          | Emerg |
| 0.0           | 0.0   |
| 0.0           | 0.0   |

If external holdings were provided, they have been included in this report in order to provide you with a more complete picture of your financial holdings. Please note: Morgan Stanley Smith Barney LLC is not responsible for information (including valuations) from external sources. Please contact your financial advisor to update your information.

**Morgan Stanley Composite Performance** prepared for R.S.C.C.D. FOUNDATION as of 08/31/15

**Portfolio Returns (%)**  
Morgan Stanley Accounts Only

| Total Net Time Weighted Returns | Annualized                           |                                      |                                      |   |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
|                                 | Year 2012<br>12/31/11<br>to 12/31/12 | Year 2013<br>12/31/12<br>to 12/31/13 | Year 2014<br>12/31/13<br>to 12/31/14 | For the Period<br>12/31/96<br>to 08/31/15 |
| <b>8.7</b>                      | <b>0.2</b>                           | <b>2.5</b>                           | <b>4.0</b>                           |   |



**Representative Index**

|                          |      |       |      |     |
|--------------------------|------|-------|------|-----|
| S&P 500                  | 16.0 | 32.4  | 13.7 | 7.3 |
| BC Govt Credit           | 4.8  | (2.4) | 6.0  | 5.5 |
| Citigroup 3 Month T-Bill | 0.1  | 0.0   | 0.0  | 2.3 |

**Account Performance**  
Morgan Stanley Accounts Only

| Account No.            | Account Name (Type)                | Market Value<br>08/31/15 | Return (%)                           |                                      |                                      |  | Date of Inception | Inception Value  |
|------------------------|------------------------------------|--------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|-------------------|------------------|
|                        |                                    |                          | Year 2012<br>12/31/11<br>to 12/31/12 | Year 2013<br>12/31/12<br>to 12/31/13 | Year 2014<br>12/31/13<br>to 12/31/14 | Annualized<br>Since Inception<br>to 08/31/15 |                   |                  |
| <b>202-212548</b>      | <b>R.S.C.C.D. FOUNDATION (REG)</b> | <b>152,381</b>           | <b>8.7</b>                           | <b>0.2</b>                           | <b>2.5</b>                           | <b>4.0</b>                                   | <b>12/31/96</b>   | <b>\$538,086</b> |
| <b>Total Brokerage</b> |                                    | <b>\$152,381</b>         | <b>8.7</b>                           | <b>0.2</b>                           | <b>2.5</b>                           | <b>4.0</b>                                   | <b>12/31/96</b>   | <b>\$538,086</b> |

<sup>1</sup> The investment results depicted here represent a net return after the deduction of advisory fees for Morgan Stanley accounts only.

Continued on next page

If external holdings were provided, they have been included in this report in order to provide you with a more complete picture of your financial holdings. Please note: Morgan Stanley Smith Barney LLC is not responsible for information (including valuations) from external sources. Please contact your financial advisor to update your information.

Disclaimers prepared for R.S.C.C.D. FOUNDATION as of 08/31/15

## General Disclosures

### Information Disclosures:

This performance report has been prepared for your information only and is not a substitute for your official Morgan Stanley Barney LLC account statements. Do not use the information in this report as the sole basis for investment decisions, nor take action relying on this information without confirming its accuracy and completeness. Please carefully review the attached glossary. Past performance is not a guarantee of future results.

Information is approximate: The information in this report is approximate and subject to updating, correction and other changes. We are not obligated to notify you if information changes. If there are discrepancies between your official account statement and this report, rely on your official account statement. Prices shown in your official account statement may differ from the prices shown in this report due to, among other things, different reporting methods, delays, market conditions and interruptions. Also, the figures in this report do not include all relevant costs (e.g., fees, commissions and taxes).

We obtain pricing and other information from various standard quotation services and other sources which we believe to be reliable, but we do not warrant or guarantee the accuracy or completeness of this information. The price that you would actually receive in the market for any investment may be higher or lower than the price shown in this report. The prices of securities and other investments not actively traded may be estimated or may not be available. For example:

- Bonds trading less frequently. We rely on outside pricing services or a computerized trading model, which cannot always give us actual market values.
- Annuities: Data in this report may have been provided by third party insurance carriers. (Not all insurance carriers provide data on annuities for performance calculations. The list of providers that provide data is available on request. Performance calculations are based on annuity values as of December 31, 2006 or later, depending on carrier participation.) This report might not reflect a transaction that posted at the insurance company before this reporting period. Depending on the carrier, annuities transactions may be net of certain fees or expenses.
- Alternative investments: The assets in these investments (and in corresponding benchmark indices) are difficult to value, values may be several weeks or more old, and the index values reflect pricing from multiple sources. Index values may be more up-to-date than the data for the alternative investments shown in this report. This report shows the latest generally available alternative investment and index data as of the date of this report.
- Non-traded Real Estate Investment Trusts (REITs) and certain other investments: These are illiquid and have no public markets.
- For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

We are not responsible for any clerical, computational or other errors or omissions. You are responsible for promptly reviewing your report and seeking clarification about entries that you do not understand. If you do not understand an entry in this report, suspect an error, or want more details on current prices or other information, contact your Financial Advisor.

### Sources and Intent:

This investment evaluation is directed only to the client for whom the evaluation was performed. The underlying data has been obtained from sources considered to be reliable but its accuracy and completeness cannot be assured. This evaluation is for informational purposes only and is not intended to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security. Performance for periods greater than one year is annualized. This information is being provided at your request and does not replace or supersede your monthly client account statement.

### Not Tax or Other Advice:

The information in this report (including any gain and loss information) is not investment, legal, tax, accounting or other professional advice. Please contact your tax advisor to determine the appropriate information to be used in preparing your tax return. Gain/loss is provided for informational purposes only and should not be used for tax preparation. We do not guarantee nor independently verify the accuracy of gain and loss information.

### Use of Report:

**Disclaimers** prepared for R.S.C.C.D. FOUNDATION as of 08/31/15

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**Time Weighted Rate of Return:**

Time Weighted Rate of Return (TWR) measures an account's compounded rate of growth over the specified time period. TWR is the return produced over time by an account independent of contributions or withdrawals. TWR is used to compare an account's performance to relevant benchmark indices (e.g. S&P 500). Different methodologies for calculating performance at the Household/Portfolio level and the Account level exist, making it possible for returns to be slightly different depending on the level being displayed. Households/Portfolios and Accounts with a historical period use a Modified Dietz calculation while Accounts with no historical periods use Modified Dietz but revalue on dates of large cash flows.

**Morgan Stanley Accounts**

**Historical Data:**

Portfolio Minder provides a life view of an account's history with the firm and will include performance to the original performance inception of the account. Performance inception date does not necessarily correspond to account inception. Please reference the inception column to establish performance coverage.

**Return Reconciliation**

Although checks and balances are in place, we strongly encourage you to review all returns carefully. This is especially true for returns up to a current date. Daily performance data is un-reconciled and is intended for illustrative purposes only. The CSG Performance Group will not reconcile daily performance inquiries.

**Unsupervised Assets:**

This report utilizes the total account view. Unsupervised assets contained within advisory accounts have been included under the advisory section and will be taken into account for both market value and performance.

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**JOINT VENTURE AGREEMENT**

**BY AND BETWEEN**

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**AND**

**AL KHALEEF TRAINING AND EDUCATION CORPORATION**

**FOR THE FORMATION**

**OF**

**R/AK JOINT VENTURE CORPORATION**

**(“JVCO”)**

**DATED AS OF [REDACTED], 2015**

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**JOINT VENTURE AGREEMENT**

THIS JOINT VENTURE AGREEMENT (the "*Agreement*") is made and entered into as of the [ ] day of [ ], 2015 (the "*Effective Date*") by and between **RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION**, a United States tax-exempt educational corporation organized and existing under the laws of the State of California ("*RSCCDF*"), with its principal business address located at 2323 N. Broadway, Suite 410, Santa Ana, CA 92706 and **AL KHALEEJ TRAINING AND EDUCATION CORPORATION**, a public joint stock company organized and existing under the laws of the Kingdom of Saudi Arabia ("*Al Khaleej*"), with its principal business address located at Burj Al Khaleej Training and Education, Olaya Street, 5th Floor, Riyadh, Kingdom of Saudi Arabia. RSCCDF and Al Khaleej are sometimes referred to herein individually as a "*Party*" and, collectively, as the "*Parties*".

**RECITALS:**

- A. RSCCDF is a foundation established to support the programs and services of the Rancho Santiago Community College District (the "*District*"), and has subject to its Articles of Organization and Bylaws all of the powers granted by the laws governing auxiliary organizations of the California Community Colleges and by the Nonprofit Corporation Law of the State of California, which includes the entry of RSCCDF into agreements that create a revenue stream to support the activities of the District, as well as creating potential opportunities for educational and cultural exchanges for the benefit of the District community.
- B. Al Khaleej is a public company established in the Kingdom of Saudi Arabia ("*KSA*"), with significant experience and expertise in the operation and administration of professional education and training services within the Kingdom.
- C. The Government of Saudi Arabia embarked on a national program for expanding and improving technical and vocational education and training in the KSA. To this end, the Colleges of Excellence Company ("*COE*"), a Saudi publicly-funded private company and a subsidiary of the Technical and Vocational Training Corporation ("*TVTC*"), launched a multi-stage tender process (the "*Tender*") aimed at selecting international training providers to provide capability building, training, operation and/or management services to a number of training and vocational education colleges in the KSA, the infrastructure for which is offered by, through or on behalf of COE;
- D. Following successful participation in the Tender, COE selected RSCCDF to provide capability building and training services to COE in respect of the AlBaha College of Technology and the Khamis Mushait College of Technology (collectively, the "*Training Colleges*"), the specific duties and services to be provided by RSCCDF under this award being set out in that certain Capability Building Contract, dated [ ], 2015, entered into among Colleges of Excellence Company, RSCCDF and Al Khaleej (the "*CBC*"), and including therewith that certain Addendum to Capability Building Contract among the parties dated as of [ ], 2015 (the "*Addendum*"), copies of each of which are attached hereto as Exhibit A.

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- E. RSCCDF requires a local Saudi company to collaborate with it in providing its services under the CBC, and Al Khaleej wishes to act in that capacity. In furtherance of such collaboration, the Parties have previously entered into a Memorandum of Understanding Regarding Joint Venture to Develop Community Colleges in the Kingdom of Saudi Arabia, effective as of May 15, 2015 (the "MOU") establishing the basic tenets and business elements of the proposed Joint Venture, and calling for them to enter into a definitive agreement incorporating the provisions of the MOU. Accordingly, each of the Parties desires to enter into this Agreement, providing for their joint collaboration and cooperation (the "Joint Venture") and enabling them jointly to create the infrastructure and ongoing management and administration of the CBC with respect to the Training Colleges, as well as any other colleges as to which the COE may award similar rights in the future, and to use this agreement to define all of the rights, benefits, duties, obligations and responsibilities which each such Party shall have in the Joint Venture and to each other, in all cases subject to and in accordance with the provisions of this Agreement, as the same may be amended or modified in writing by mutual agreement of the Parties in the manner provided for herein.

NOW, THEREFORE, in consideration of the mutual premises, covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

**AGREEMENT:**

**1. Establishment of the Joint Venture.**

- (a) As soon as reasonably practicable following the Effective Date, the Parties shall work together to create the infrastructure necessary to implement the purposes of this Joint Venture, to perform the CBC with respect to the Training Colleges in accordance with its terms, and to share together the opportunities presented by the COE as contemplated herein. To that end, the Parties shall instruct their respective legal counsel and tax advisors to create JVCO as a limited liability company in KSA, at all times seeking to provide each Party with all of the rights and benefits of the Joint Venture as described herein, as well as providing to each such Party the most favorable tax consequences available under applicable law in KSA with regard to the proceeds received by each of them from the conduct of the business created and undertaken by the Joint Venture (the "JV Business"). Each Party hereby acknowledges to and agrees with the other that time is of the essence in creating the Joint Venture, establishing JVCO and implementing the CBC as required by COE, and to that end each shall use its commercially reasonable best efforts to accomplish all of those matters as expeditiously as possible.
- (b) As soon as practicable, but no later than two (2) Business Days, following the Effective Date (a "Business Day" referring to a day on which banks in KSA and the State of California are open for normal business), the Parties shall procure the



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establishment of a committee (the "*Steering Committee*") to coordinate and monitor the licensing and incorporation processes with respect to JVCO in the KSA, which committee shall comprise two (2) members, of which one (1) member shall be appointed by each Party. The Steering Committee shall take the lead in preparing and pursuing applications for the licensing and registration of JVCO with all the relevant authorities in KSA. Each Party agrees to take any and all actions and to sign any and all documents which may be necessary or appropriate under applicable law to finalize the formation of JVCO as soon as possible following the Effective Date, including without limitation any of the following which may be necessary:

- (i) obtaining licenses, approvals and consents from the Saudi Arabian General Investment Authority ("*SAGIA*") and the Saudi Arabian Ministry of Commerce and Industry ("*MoCI*") for the formation of the JVCO;
  - (ii) executing before the Notary Public at the MoCI the articles of association of JVCO (the "*Articles*");
  - (iii) publishing the Articles and causing JVCO to be recorded in the companies and commercial registries at the MoCI.
- (c) Al Khaleej shall fund the expenses of the Steering Committee and its activities as indicated above, subject to reimbursement from the JVCO as described herein.
- (d) The Steering Committee shall keep a record of all costs and expenses incurred by each Party in relation to the licensing and registration of JVCO in the KSA, and as soon as reasonably practicable following the incorporation of JVCO, JVCO shall reimburse such costs and expenses (as well as any other costs and expenses incurred by either Party in relation to the JV Business) to the relevant Parties.

**2. JV Business and Novation of CBC.**

- (a) Unless otherwise agreed by mutual consent of the Parties, the JV Business shall consist in the provision of capability building, training, operation and/or management services in relation to vocational education colleges owned, managed, operated or otherwise administered by COE, including without limitation the Training Colleges in accordance with the CBC.
- (b) RSCCDF, with the full support of Al Khaleej, shall procure that, as soon as practicable following the formation of JVCO, the CBC shall be novated to the JVCO in full. In connection therewith, Al Khaleej shall arrange for the provision to COE of the bonds required under clause 9 of the CBC, in order to accomplish such novation and eliminating to the greatest extent possible the joint and several obligations of the individual parties pursuant to clause 2.3(a) of the CBC.

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**3. Capital of JVCO.**

- (a) The share capital of JVCO shall be limited to one hundred thousand Saudi Riyals (SR 100,000) or such greater amount as required by the competent authorities in the KSA, and subject to the foregoing, shall be divided into five thousand (5,000) shares of par value SR 20 each, each of which shall rank *pari passu* with each other in all respects (each such share being hereinafter referred-to as a “Share” and in plural as “Shares”).
- (b) The shareholding of the Parties in JVCO shall be as follows:

| <b>Party</b> | <b>Number of Shares</b> | <b>Par Value in SR</b> | <b>Percentage Shareholding (%)</b> |
|--------------|-------------------------|------------------------|------------------------------------|
| RSCCDF       | 2,550                   | 51,000                 | 51%                                |
| Al Khaleej   | 2,450                   | 49,000                 | 49%                                |
| <b>Total</b> | <b>5,000</b>            | <b>100,000</b>         | <b>100%</b>                        |

- (c) Each of the Parties shall only be liable to subscribe for the number of Shares to which it has agreed, pursuant to this Agreement, and shall not be liable for the obligations of any other Party. Each of the Parties shall deposit with the bank chosen by the Parties to hold JVCO’s account, its pro rata portion of JVCO’s share capital, as stated opposite its name in the preceding paragraph.
- (d) Anything to the contrary in this Agreement notwithstanding (including Section 3(b) above), the Parties hereby agree that all distributions of net income by JVCO to the Parties, whether occurring during the term of JVCO or upon its liquidation, shall be allocated between them as follows: ninety five per Cent. (95%) to Al Khaleej and five per Cent. (5%) to RSCCDF.

**4. Financing of JVCO and Budgeting.**

- (a) **Limited Liability.** Except as otherwise expressly provided herein, nothing in this Agreement shall be construed to require a Party to increase its investment in JVCO, or to assume joint or several liability for any obligations of JVCO, or to require any Party to assume liability for any obligation of another Party either for JVCO or to JVCO.
- (b) **General Framework for Additional Financing.** The Parties agree that the financial requirements for JVCO to accomplish its JV Business, including without limitation the amounts necessary to cover (i) the specific bonding obligations required under the CBC; and (ii) the working capital and other expenses as JVCO may need to sustain its business operations and fully comply with the Parties’ obligations under the CBC (collectively, the “JVCO Expenses”), shall whenever possible be met from the paid-in

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capital and cash flow generated from the operations of the JV Business, but that, if and when additional financing is required, it shall be obtained through loans from Al Khaleej, it being acknowledged and agreed that such loans will be extended only to cover costs set out in JVCO's relevant Budgets (as defined herein). Funding by Al Khaleej shall be structured as profit-bearing Shari'ah-compliant loans, with profit on such debt being calculated at the rate of eight percent (8%) per annum ("Loans"). Such Loans shall rank *pari passu* with all other unsecured, unsubordinated liabilities of JVCO, provided, however, that notwithstanding anything else contained herein, such Loans shall be fully-subordinated to the Management Fees payable to RSCCDF under the Management Agreement (as defined below). Subject to JVCO's obligation to pay the Management Fees on a priority basis pursuant hereto, the Loans shall be structured to be repaid within one (1) year of their relevant dates, provided that such schedule of repayment does not render JVCO insolvent or otherwise unable to pay its due obligations, and provided, further, that the maturity date of any such Loans shall under no circumstance extend beyond the date upon which JVCO's term expires. Subject to JVCO's obligation to pay the Management Fees in priority pursuant hereto, no amount shall be declared, distributed or paid to any of the Parties unless and until any Loans extended by Al Khaleej to JVCO are repaid in full, and the parties further agree to apply any excess revenues of JVCO to repay such Loans as soon as reasonably practicable.

- (c) The Parties hereby acknowledge that, should either Party pay for any liability of JVCO (which includes, without limitation, any payment made pursuant to the Parties' joint and several guarantee of JVCO's performance of the CBC, or pursuant to any security extended by Al Khaleej as collateral for JVCO's bonding obligations under the CBC), JVCO shall fully reimburse to the relevant Party the full amount paid on behalf of JVCO, provided that the amounts paid by Al Khaleej shall be treated as Loans structured and repayable in accordance with the principles laid down in the preceding paragraph.
- (d) Budgets. In determining the anticipated amounts which will be required to conduct the JV Business on an annual basis, the Parties shall work together to create a budget for the funding of JVCO for each fiscal year (January 1 through December 31) in which this Agreement is in effect (each, a "Budget"). Attached as Exhibit B to this Agreement is the initial Budget approved by the Parties, covering costs which the Parties anticipate shall be required for the operation and maintenance of JVCO from the date it is formed through and including December 31, 2015, which includes the amount determined in good faith by RSCCDF as necessary to fulfil JVCO's obligations under, and during the first contract year of, the CBC (the "*First Year Budget*"). Each subsequent Budget shall be agreed upon between the Parties' representatives at the Board, as of a date which is not less than ninety (90) days prior to the date that it is intended to become operative, and following the start of the fiscal year as to which any such Budget has been created, the Board shall convene at least one time per fiscal quarter to determine if the Budget is still appropriate as previously agreed, or if any adjustments thereto are necessary or desirable, each of such adjustments requiring an approval by the

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Board in accordance with the terms hereof to become effective.

- (e) **Funding of First Year Budget.** Subject to paragraph (b) of this Section 4, Al Khaleej shall fund twenty percent (20%) of the First Year Budget promptly upon the formation of JVCO and the opening of its bank account, and the remaining portion shall be paid as indicated in the First Year Budget. To the extent that (i) any amounts are incurred in furtherance of the purposes of this Agreement prior to the time that the Joint Venture has been formed, and (ii) such amounts are provided for in the First Year Budget, Al Khaleej shall cover such expenses as and when the same become due, and all such amounts shall be recoverable by Al Khaleej as a part of the Loan.

**5. Governance of JVCO.**

- (a) Meetings of the shareholders of JVCO (the "*Shareholders*") shall be convened and conducted in accordance with the Articles. The Articles shall provide that no meeting of the Shareholders shall be held unless attended by duly appointed/delegated representatives of each Shareholder, and the adoption of any Shareholder resolution in respect of any matter shall require the unanimous approval of all Shareholders.
- (b) JVCO shall be managed by a board of managers (the "*Board*") consisting of two (2) members, one (1) appointed by each Party. All meetings of the Board shall be convened and conducted in accordance with the Articles. The Articles shall provide that no meeting of the Board shall be held unless attended by both members thereof, and the adoption of any Board resolution in respect of any matter shall require the unanimous approval of all Board members. Subject to RSCCDF's prerogatives and duties under the Management Agreement (as defined herein), including without limitation its responsibility, under the Management Agreement, to implement, oversee and control all aspects of the JVCO's operation of colleges in the KSA under the CBC, the Board shall have full power and authority for the management of the Company, and such authority shall not be limited, save for such matters which are exclusively reserved by applicable law to the Shareholders.
- (c) The Board shall appoint an executive manager acceptable to both Parties (the "*Executive Manager*"). The Executive Manager shall have such powers and authority as delegated to him/her by the Board from time to time.
- (d) Without prejudice to any requirement under applicable law for approval by the Shareholders, the following matters (each a "*Reserved Matter*" and together the "*Reserved Matters*") shall require a resolution by the Board and may not be delegated to the Executive Manager or any other party:
  - (i) any modification to the Articles;
  - (ii) any increase of the JVCO's Capital;

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- (iii) any dissolution, liquidation or winding-up of the JVCO;
  - (iv) any merger, demerger or amalgamation of the JVCO with or into another person;
  - (v) the adoption of, or amendment to, any Budget.
  - (vi) any action or proposed action by the JVCO, which is materially inconsistent with or outside the scope of the relevant Budget.
  - (vii) the creation of any borrowings by JVCO, other than shareholder loans extended pursuant to the terms hereof;
  - (viii) the giving of loans or guarantees by the JVCO;
  - (ix) the creation of any encumbrance over the whole or any material part of the business undertakings or assets of JVCO or over any Shares in JVCO, other than encumbrances made as collateral for permitted borrowings or otherwise created in the ordinary course of business;
  - (x) the entering into any agreement with any Shareholder or any party related to any Shareholder, and the authorization of any sub-contracting, delegation or assignment by any Shareholder or any party related to a Shareholder of all or part of its rights, obligations or duties under any agreement entered into with JVCO;
  - (xi) the entering into any contract with COE in relation to colleges owned, managed, operated or otherwise administered by COE, other than the CBC.
- (e) The Board members and Executive Manager shall be entitled to such remuneration from JVCO for their respective services as may be mutually-agreed by the Parties from time to time during the Term hereof. However, costs and expenses incurred by Board members and the Executive Manager in performing their duties shall be paid and/or reimbursed by the JVCO on an actual cost basis, provided the same have been included in the relevant Budget, or otherwise appropriately approved in accordance with the provisions of this Agreement.
- 6. Operation of the Joint Venture.** The Parties have determined that in order to accomplish all of the purposes and objectives of the Joint Venture, as contemplated herein, throughout the Term (as defined below) of this Agreement, they shall each contribute to the Joint Venture the respective services, efforts and support called for under the following agreements, each of which shall be entered into between the applicable Party and JVCO as described below:

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- (a) **Management Services Agreement.** The Parties shall cause JVCO, once formed, to enter into a Management Services Agreement with RSCCDF (the "*Management Agreement*"), pursuant to which RSCCDF shall be responsible for management of all activities required under the CBC for and on behalf of the Joint Venture, and in general provide oversight and control over all aspects of JVCO's operation of, or the provision of services to, any colleges or institutions as to which COE may hereafter grant rights to JVCO. RSCCDF's services shall include, without limitation, providing all the strategies, methodologies and techniques pertaining to recruitment, curricula, faculty development, vocational training, work programs, class management and other matters of importance to the successful operation of the Training Colleges, and other similar institutions, which JVCO shall be engaged to service under the CBC or any other contract, and certain technical services related thereto (the "*Management Services*"). In providing the Management Services, RSCCDF may engage certain sub-contractors to assist in performing such duties under the Management Agreement as RSCCDF shall delegate to them, it being understood and agreed that (i) such delegation shall always be contingent on the prior authorization of JVCO, which authorization shall require a Board resolution, (ii) such delegation shall not relieve RSCCDF from its duties under the Management Agreement, (iii) such delegation shall not translate into an outsourcing of all or substantially all of RSCCDF's duties under the Management Agreement, and (iv) subject to compliance with the immediately preceding Clauses (i), (ii) and (iii), JVCO shall cover all of the fees and expenses of such sub-contractors, provided that such fees and expenses are provided-for under the relevant Budget and the payment thereof does not cause such Budget to be exceeded, except as may otherwise be mutually agreed by the Parties. The Management Agreement shall be in such form as the Parties may mutually agree, as evidenced by the execution thereof by an authorized representative of each such Party. The Parties may explore avenues to reduce the withholding tax burden with respect to the payment of Management Fees and other amounts due hereunder. Subject to confirmation by the parties' tax advisor, and provided that it may lawfully do so under the US laws applicable to it, it may be determined by the Parties to establish a subsidiary of RSCCDF in the Kingdom of Saudi Arabia as a means of reducing such tax burden. If so determined, the Parties shall amend this Agreement to provide for the transfer hereof, with RSCCDF full guarantee of its obligations hereunder, to its subsidiary formed in the Kingdom.

The Parties shall procure that the Preliminary Agreement dated 9 February 2015, entered by RSCCDF with fiveDlearning ("*5DL*"), Inc. concerning assistance to, and/or in anticipation of, JVCO is terminated forthwith without liability to either of them or to JVCO, which termination shall be memorialized in such form and substance as is reasonably satisfactory to

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the Parties.

- (b) The Parties shall also cause JVCO, once formed, to enter into an Administrative Services Agreement with Al Khaleej, pursuant to which Al Khaleej shall provide all administrative services necessary for the day-to-day operation of JVCO and administration of the Joint Venture business, consistent with the terms of the Articles, and such other guidelines and policies as may be adopted jointly by the Parties from time to time during the term of the Joint Venture (the "*Administrative Services*"). Such Administrative Services shall include, without limitation, handling the accounting, banking, employment, compliance, marketing, sales, facilities management and all other aspects of the administration and operation of JVCO, other than those items specifically reserved to RSCCDF under the Management Agreement. In providing the Administrative Services, Al Khaleej may engage certain sub-contractors to assist it under such terms and conditions as Al Khaleej shall delegate to them, it being understood and agreed that (i) such delegation shall always be contingent on the prior authorization of JVCO, which authorization shall require a Board resolution, (ii) the delegation shall not relieve Al Khaleej from its duties under the Administrative Services Agreement, and (iii) subject to compliance with the immediately preceding Clauses (i) and (ii), JVCO shall cover all of the fees and expenses of such sub-contractors, including without limitation compliance with all tax withholding and other laws and regulations which may be applicable to such sub-contractors. The Administrative Services Agreement shall be in such form as the Parties may mutually agree, as evidenced by the execution thereof by an authorized representative of each such Party.
- (c) JVCO's financial books, records and statements of account shall be kept at the principal place of business of JVCO, or such other place as the Parties may mutually agree, and shall be made available to each Party, or its authorized representatives, at all reasonable times during normal business hours, each of whom shall have the right at all reasonable times to inspect and copy the same. Whenever reasonably requested by either Party, JVCO shall make information regarding its JV Business, operations and financial condition available to such Party, and its agents and representatives. JVCO shall designate one (1) independent auditor to be jointly selected by the Parties to audit the books and records of JVCO annually, and provide confirmation that all amounts have been properly paid by JVCO in accordance with the applicable provisions of this Agreement.
- (d) In its administration of the Joint Venture, Al Khaleej shall, through professional and legal assistance provided by parties reasonably acceptable to RSCCDF, ensure that in all aspects of the conduct of the JV Business, JVCO is in full compliance with all laws, rules and regulations

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applicable to such activities within the Kingdom of Saudi Arabia, including, without limitation, ensuring that JVCO obtains all licenses, permits and other authorizations necessary for it to conduct the JV Business as contemplated herein, in the CBC and in its Articles. Al Khaleej shall also ensure that applicable corporate governance policies appropriate to JVCO under the laws of KSA, including but not limited to all business operations, human resources, the payment of compensation, the performance of all contracts, taxation and employee benefits are implemented and maintained by JVCO with respect to all employees, third party providers to JVCO, and other individuals and entities which now have or which come to have a commercial or financial relationship of any nature with JVCO. In addition, RSCCDF has advised Al Khaleej that, as a corporation subject to US law generally, and specifically as a regulated, tax-exempt educational organization in the United States, it must at all times comply with the body of federal and state laws, regulations and rules (collectively, "US Law") applicable to such entities in the conduct of their business. To the extent that RSCCDF and/or its professional advisors notify Al Khaleej as to compliance requirements of US Law that are applicable to the JV Business and RSCCDF's activities on the behalf thereof, the Parties shall each take all such actions as are necessary or desirable to ensure that such US Laws are fully complied with by JVCO, provided that such compliance shall not entail a violation by JVCO or Al Khaleej of any mandatory laws applicable to them in the KSA. Furthermore, to the extent that JVCO may engage the services of persons who are subject to US Law as employees or contractors, or in other relevant capacities, the Parties shall cause JVCO to take all such actions as are necessary or desirable to ensure that such US Laws are fully complied with, provided that such compliance shall not entail a violation by JVCO or Al Khaleej of any mandatory laws applicable in the KSA. In addition, the Parties shall cause JVCO to extend all reasonable assistance to RSCCDF (to the extent not inconsistent with applicable Saudi laws) for purposes of complying with RSCCDF's reporting obligations under US Law in relation to the JV Business. In furtherance of the foregoing, Al Khaleej will, and will procure that JVCO will, extend all reasonable assistance to RSCCDF (to the extent not inconsistent with applicable Saudi laws) for purposes of complying with RSCCDF's reporting obligations under US Law in relation to the JV Business. To the extent that any conflict shall arise between the requirements of US law and the requirements of laws applicable to the JVCO and/or Al Khaleej, such that RSCCDF is unable to perform fully its obligations hereunder and/or under the CBC without violating any such applicable laws, then RSCCDF shall, to the extent necessary to avoid the conflict, be excused from further performance hereunder without liability of any kind, and such non-performance shall expressly not be considered a Default under this Agreement. Finally, to the extent that any issues of interpretation, performance, excusal from performance, liability or dispute shall arise



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with regard to any actual or claimed actions, omissions to act or non-performance of RSCCDF resulting from or arising out of this Section 6(d) then, in making a determination as to any such dispute, the Arbitrator or Court reviewing such matter shall look solely to US Law as to all of such issues, notwithstanding the governing law provisions of Section 32.

- (e) During the Term of this Agreement, as part of its administrative duties, Al Khaleej shall cause JVCO to obtain and to maintain property damage, public liability, casualty, and general insurance as is necessary, usual or customary for the proper conduct of activities such as the JV Business by companies operating within the Kingdom of Saudi Arabia. The cost thereof shall be an expense of JVCO, and each insurance policy shall name the Parties as additionally-insured parties covered by all such policies of insurance.

**7. Consideration for the Performance of the Parties' Obligations.** In consideration of the contribution of their respective services to the Joint Venture in the manner indicated above, the following payments shall be made by the JVCO to the Parties indicated, which payments shall be made as follows:

- (a) JVCO shall pay to RSCCDF, as compensation for its Management Services and on or before the 15<sup>th</sup> day of each month during the Term of this Agreement, an amount equal to eight percent (8%) of the gross revenues generated from all sources by JVCO during the immediately preceding month (the "*Management Fee*"); and
- (b) JVCO shall pay to Al Khaleej, as compensation for its Administrative Services and on or before the 15<sup>th</sup> day of each month during the Term of this Agreement, an amount equal to eight percent (8%) of the gross revenues generated from all sources by JVCO during the immediately preceding month (the "*Administrative Services Fee*"), provided that payment of the Administrative Services Fee shall be subordinate to RSCCDF's entitlement in priority to the Management Fee during such month, as well as any other expenses of JVCO payable during such month.
- (c) All billing and collection for services performed by JVCO in furtherance of the JV Business shall be undertaken by JVCO in accordance with such guidelines as JVCO may adopt from time to time during the Term of this Agreement.
- (d) All banking and other financial accounts which may be established in KSA for the benefit of the Joint Venture shall be separate, segregated accounts in the name of JVCO, maintained at such banks as the Parties may mutually agree, and shall not be comingled with any other accounts or funds belonging to Al Khaleej, any Affiliate thereof or any other party. For the purposes of this Agreement, "*Affiliate*" means in relation to any specified person, any other person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the specified person, provided that JVCO, its subsidiary undertakings and

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associated undertakings shall not be regarded as being the Affiliate of any Shareholder; and, "*Control*" means the power of a person (or persons acting in concert) to secure that the affairs of another are conducted directly or indirectly in accordance with the wishes of that person (or persons acting in concert):

- (i) by means of the ownership of shares or the possession of voting rights; or
- (ii) by virtue of any powers conferred by law, constitutional documents or other documents or arrangements (including proxy voting arrangements, contractual arrangements or other means),

and related expressions such as "*Controller*", "*Controlled*", and "*Controlling*" shall be construed accordingly;

### **8. Dealing in Shares**

A Shareholder shall not do, or agree to do, any of the following during the continuance of this Agreement, unless otherwise expressly required or permitted hereunder:

- (a) sell, transfer or otherwise dispose of all or any part of his Shares or any legal or beneficial interest therein or assign or otherwise purport to deal therewith or with any interest therein;
- (b) grant an option over any Share or any interest in any Share;
- (c) pledge, mortgage, charge or otherwise encumber any Share or any interest in any Share; or
- (d) enter into any agreement in respect of the votes attached to any Share (including, without limitation, any agreement to waive, not exercise or otherwise lock-up the voting rights attached to any Share).

### **9. Promotion of the JV Business**

- (a) The Shareholders shall use their respective best endeavors to promote and develop the JV Business to the best advantage of the JVCO.
- (b) Except as otherwise permitted under paragraph (c) hereunder, for so long as this Agreement remains in full force and effect, a Shareholder shall not, and shall procure that none of its Affiliates shall, without the prior written consent of the other Shareholder, either alone or jointly with or through (which includes by ownership of any share, or direct or indirect control) any person, directly or indirectly:
  - (i) for as long as this Agreement is in effect, establish, invest in, carry on, be engaged in or be concerned in any way (including as advisor), other than

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through JVCO, in, any business which is engaged in providing capability building, training, or college operation/management services through an agreement with COE (a "*Competing Business*"); and

- (ii) subject to the relevant terms of the Management Agreement, and for as long as this Agreement is in effect, engage or employ, or solicit or contact with a view to the engagement or employment by any person, any employee of JVCO,

with the intent that each of these restrictions shall constitute an entirely separate and independent restriction on each of the Parties and its Affiliates.

- (c) The following shall apply whenever a Shareholder considers involvement in any business activity in KSA which is a Competing Business:
  - (i) the relevant Shareholder must notify the Board (through its appointed representative at the Board) providing a description of the contemplated project or transaction and the terms thereof; the Board shall discuss the possibility of pursuing the project/transaction through JVCO for sixty (60) days; and
  - (ii) if by the end of the above period, the Board is not able or willing to make a resolution providing for the implementation by JVCO of the relevant project or transaction, other than by reason of resistance by the representative of the notifying Shareholder, such Shareholder shall be free to pursue the relevant project or transaction without the other Shareholder provided that it does so on the same terms and conditions as originally conveyed to the Board.
- (d) The Parties consider that the restrictions contained in this Section 9 are reasonable, but if any such restriction shall be found to be unenforceable but would be valid if any part of it were deleted or the period or area of application reduced, such restriction shall apply with such modification as may be necessary to make it valid and effective.

### **10. Proprietary Rights of the Parties; Confidentiality.**

- (a) All trademarks, copyrights, trade secrets, concepts, ideas, methods, designs, business strategies, processes, developments, specifications, data, records, marketing strategies, curriculum and other intellectual property rights and proprietary items developed by or belonging to RSCCDF at the time of this Agreement or are hereafter independently developed by RSCCDF (collectively, the "*RSCCDF IP*"), shall remain the sole and exclusive property of RSCCDF, and no other person, including Al Khaleej or JVCO shall have any claims or rights, title or interest of any kind in or to any of such RSCCDF IP by virtue of this Agreement or otherwise. RSCCDF IP may only be used by JVCO in furtherance of the JV Business in such manner and to such extent as RSCCDF has consented

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to in writing prior to such use. Such rights to the use of RSCCDF IP shall cease immediately upon the termination of this Agreement for any reason.

- (b) All trademarks, copyrights, trade secrets, concepts, ideas, methods, designs, business strategies, processes, developments, specifications, data, records, marketing strategies, curriculum and other intellectual property rights and proprietary items developed by or belonging to Al Khaleej at the time of this Agreement or are hereafter independently developed by Al Khaleej (collectively, the "*Al Khaleej IP*"), shall remain the sole and exclusive property of Al Khaleej, and no other person, including RSCCDF or JVCO shall have any claims or rights, title or interest of any kind in or to any of such Al Khaleej IP by virtue of this Agreement or otherwise. Al Khaleej IP may only be used by JVCO in furtherance of the JV Business in such manner and to such extent as Al Khaleej has consented to in writing prior to such use. Such rights to the use of Al Khaleej IP shall cease immediately upon the termination of this Agreement for any reason.
- (c) To the extent that during the existence of the Joint Venture any person (other than RSCCDF or Al Khaleej, directly or through their individual agents or Affiliates) shall create or develop any intellectual property or proprietary right for use exclusively by or in connection with the JV Business (a "*JV Right*"), then such JV Rights shall belong to JVCO, and no Party shall have the right to own, claim, exploit or otherwise use any of such rights without a written agreement signed by each of them specifying the permitted usage and other aspects of the proposed arrangement.
- (d) Al Khaleej, as part of its administrative duties, shall take all such actions as are reasonably required or requested by RSCCDF, and provision for payment of the costs thereof shall be included in the Budget, to protect all existing or future RSCCDF IP rights used by the Joint Venture, and all JV Rights which may be created or developed during the Term hereof, in concert with RSCCDF and in accordance with its overall intellectual property processes and protection strategies, as the same may be communicated to Al Khaleej from time to time during the Term of this Agreement.
- (e) Each Party hereby acknowledges that, in connection with the preparation, documentation and consummation of the Joint Venture hereunder, such Party (in each case, the "*Disclosing Party*") may disclose to the other Party (in each case, the "*Receiving Party*") information which is proprietary, confidential and valuable to the Disclosing Party, including without limitation the RSCCDF IP, the Al Khaleej IP, and any and all other confidential information used by the Disclosing Party in its operations and/or developed for use by the Joint Venture (all of which is referred to herein collectively as such Party's "*Confidential Information*"). Each Receiving Party shall maintain the Disclosing Party's Confidential Information in strict confidence and shall not disclose such Confidential Information, directly or indirectly, to any party, or use such Confidential Information for the benefit of the Receiving Party or any other party, without the

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Disclosing Party's prior written consent; provided, however, that the Receiving Party may disclose such Confidential Information only to authorized employees of the Receiving Party who require such information solely in furtherance of the Receiving Party's obligations under this Agreement or in furtherance of its obligations hereunder, and only if such persons are bound by written agreements setting forth similar prohibitions regarding the disclosure or use of such Confidential Information.

- (f) The obligations with regard to confidentiality hereunder shall not extend to any Confidential Information which: (i) at the time of its disclosure is in the public domain through no fault of the Receiving Party, its employees, advisors or agents, or thereafter becomes part of the public domain by publication or otherwise through no fault of the Receiving Party, its employees, advisors or agents; (ii) the Receiving Party can establish by independent confirmation was property in its possession prior to the time of disclosure to it; (iii) is independently made available to the Receiving Party by a third party who has not violated the law, or a confidential relationship with the Disclosing Party; or (iv) is required to be disclosed by legal process, provided, however, that the Receiving Party uses its best efforts to limit the disclosure and maintain confidentiality and timely informs the Disclosing Party and permits the Disclosing Party to attempt by appropriate legal means to limit such disclosure.

11. **Taxes.** Subject to applicable law, each Party shall be solely responsible for reporting and paying any tax obligations imposed on such Party for the receipt of income paid to it by the Joint Venture. Each Party further acknowledges to and agrees with the other that none of its employees or subcontractors shall be eligible for any employee benefits provided by the other Party to its employees, including, but not limited to, vacation, medical, dental, pension or other similar benefits, by virtue of working in or with the Joint Venture. With respect to all payments in respect of taxes or zakat required to be made by JVCO to the government of the Kingdom of Saudi Arabia in connection with each Party's participation in the Joint Venture as contemplated herein (the "*Collective Tax Burden*"), the Parties hereby agree that JVCO shall make payment to KSA of all amounts required to fulfill such Collective Tax Burden, with each Party bearing one-half of the Collective Tax Burden out of the net amounts payable to each such Party in accordance with Section 7 of this Agreement. Under no circumstances shall either Party be responsible for or make any payment in connection with the tax obligations of the other Party in any jurisdiction other than that of the Kingdom of Saudi Arabia, unless otherwise agreed in writing between the Parties.

## 12. **Default**

- (a) If any Party (the "*Defaulting Party*"): (i) files a petition seeking adjudication of its own bankruptcy or insolvency, or any such petition is filed against such Party and that petition is not dismissed within sixty (60) days, or if such Party commences proceedings

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for its own dissolution or liquidation, or if a receiver, administrator or trustee is appointed in respect of a substantial portion of the business or assets of such Party or such Party (or a person Controlling such Party) demonstrates an inability to settle debts as they fall due; or

- (ii) is in default of a material obligation hereunder and fails to remedy such default within a period of sixty (60) days after receiving written notification of such default from the other Party which is not in default;

then, subject to obtaining the prior approval of COE as may be required under the CBC or any other relevant contract with COE, any other Party (a "*Non-Defaulting Party*") may give written notice to the Defaulting Party that it has elected to exercise its rights under Section 12(b) (a "*Default Notice*"). Notwithstanding anything to the contrary in this Agreement, in the event that a Party alleges a default by another Party pursuant to Section 12(a)(ii), and the alleged Defaulting Party notifies the Non-Defaulting Party that it does not agree that the default claimed in the applicable Default Notice has occurred, or if it has occurred that a reasonable defense thereto exists (such as Force Majeure), then no Default Notice may be served unless and until the matter has been finally determined by arbitration in accordance with the dispute resolution provisions of Section 21 hereof.

The Parties hereby acknowledge to and agree with each other that the provisions of the Addendum pertaining to the permissible excuse for the failure of RSCCDF to perform under the CBC under the circumstances indicated in the Addendum shall not create, or be deemed to create, a default under this Agreement, and further acknowledge and agree as between themselves that under no circumstance shall either Party cause the JVCO to take any action or omit to take any action which does, or which RSCCDF believes in good faith could, cause it to violate any Applicable Law (as defined in the Addendum), or to jeopardize its tax exempt status in the United States, or to contravene any of the policies or purposes of RSCCDF or its affiliates in the United States under its governing charter or as otherwise enacted or adopted by RSCCDF.

- (b) If a Default Notice is given pursuant to Section 12(a)(i), the Non-Defaulting Party may, provided that such Party is not also in default under this Agreement, purchase (for itself or any other party that it designates) all but not less than all of the Shares then held by the Defaulting Party at a per-Share price equal to the "*Fair Market Value*" (determined in accordance with Section 13), and if the Default Notice is given pursuant to Section 12(a)(ii) the Non-Defaulting Party may purchase (for itself or any other party that it designates) all but not less than all of the Shares then held by the Defaulting Party at a per-Share price of eighty percent (80%) of the Fair Market Value. Any sale of Shares pursuant to this Section 12(a) shall include the loans extended by the Defaulting Shareholder to JVCO.

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- (c) Subject to the arbitration provisions of Section 12(a) above, if any option under Section 12(b) is duly exercised, the Parties shall promptly thereafter take whatever action is necessary and sign whatever documents are necessary in order to effectuate the appropriate Share transfer(s). Nothing in this Section 12 shall be construed to require any Non-Defaulting Party to exercise any of the above options, nor shall it deny the Non-Defaulting Party of any other rights or remedies it may have against the Defaulting Party under applicable law, whether or not such options are exercised.
- (d) Upon consummation of the sale and purchase transactions subsequent to exercise of the options referred to in Section 12(b), this Agreement shall terminate immediately and without further action by either Party, and upon such termination:
  - (i) all further rights, privileges, benefits, duties and obligations created hereby shall terminate, other than such duties that expressly survive termination pursuant to this Agreement, provided that neither Party shall be discharged from any obligations or liabilities under this Agreement which were created or incurred prior to the effective date of its termination, and provided further that all payments due and payable to the Defaulting Party hereunder prior to the effective date of termination shall be settled in accordance with the provisions hereof;
  - (ii) all agreements entered into between the Defaulting Party and JVCO (except loan agreements, which shall be included in the relevant Share sale) shall terminate immediately and without further action by either Party, and upon such termination, all further rights, privileges, benefits, duties and obligations created thereby shall terminate, other than such duties that expressly survive pursuant to the terms thereof, provided that the Defaulting Party shall not be discharged from any prior obligations or liabilities under the same and provided further that all payments due and payable to the Defaulting Party under such agreements prior to termination shall be settled in accordance with the provisions thereof; and
  - (iii) the Parties shall cooperate with each other and with JVCO in transferring all Confidential Information and other intellectual property rights belonging to the Defaulting Party, back to such Party.
- (e) The rights provided for in this Section 12 shall be in addition to and not in substitution for any other remedies that may be available to any Party which is not in default of its obligations hereunder or by operation of applicable law. The exercise or failure to exercise such rights shall not relieve the Party which is in default of its obligations hereunder from any liability for damages to any Party which is not in default of its obligations hereunder for breach of this Agreement.

**13. Fair Market Value**

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- (a) Where a provision of this Agreement calls for a determination of the “Fair Market Value” of a Party’s shareholding, the Fair Market Value shall be the higher of (i) the amount agreed between the Parties, or (ii) the price determined by the Parties (a) making a good faith effort to make such determination in accordance with internationally accepted valuation methods, (b) treating JVCO as a going-concern and (c) taking into account any Loan or guarantee to be transferred together with the relevant Shares (the “*Fair Market Value*”).
- (b) In the event that the Parties are unable to agree the Fair Market Value of Shares within fourteen (14) days of either Party requesting so by notice to the other, such Party may request the Saudi Arabian accounting firm affiliated with one of the following accounting firms: Deloitte & Touche, Ernst & Young, KPMG, and PricewaterhouseCoopers, or the legal successors of any of the foregoing, such firm not being JVCO’s auditor or any Party’s principal auditors, to determine the same within 30 days as of referral to them. The Fair Market Value of the relevant Shares shall be determined by the said firm as a pro rata proportion of the market value of JVCO as a whole as between a willing seller and a willing buyer contracting at arm’s length, without any premium or discount by reference to the percentage of the Shares being transferred or sold.

**14. Term and Termination.**

- (a) Unless sooner terminated as provided in Section 12 or Section 14(b) below, the term of this Agreement shall commence on the Effective Date and shall continue through the last day of the Term, as defined below. For purposes of this Agreement, Term means the period commencing on the Effective Date of this Agreement and ending on the later of (i) the date falling five (5) years from the Effective Date or (ii) the date upon which all contracts (including without limitation the CBC) entered into in relation to vocational education colleges as to which COE may grant rights to JVCO, expire or otherwise are terminated (the “*Term*”).
- (b) Either Party shall have the right to terminate this Agreement prior to the expiration of the Term upon thirty (30) days’ written notice to the other following the termination or expiration of all contracts (including without limitation the CBC) entered into in relation to vocational education colleges as to which COE may grant rights to JVCO.
- (c) Upon the expiry or termination of this Agreement pursuant to this Section 14:
  - (i) all further rights, privileges, benefits, duties and obligations created hereby shall terminate, other than such duties that expressly survive termination pursuant to this Agreement, provided that neither Party shall be discharged from any prior obligations or liabilities under this Agreement and provided further that all payments due and payable to either Party hereunder prior to



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termination shall be settled in accordance with the provisions hereof or as applicable;

- (ii) all agreements entered-into between the Parties and JVCO shall terminate immediately, and upon such termination, all further rights, privileges, benefits, duties and obligations created thereby shall terminate, other than such duties that expressly survive termination pursuant to the terms thereof, provided that the Parties shall not be discharged from any prior obligations or liabilities under the same and provided further that all payments due and payable to either Party under such agreements prior to termination shall be settled in accordance with the provisions thereof;
  - (iii) the Parties shall cooperate with each other and with JVCO in transferring all Confidential Information and other intellectual property rights, including the RSCCDF IP and the Al Khaleej IP, back to the Party that owns such rights, and shall transfer and assign to the Parties, as may then be agreed or otherwise determined, all right, title and interest in and to any JV Rights existing at the time of such termination; and
  - (iv) the Parties shall ensure, and shall cause JVCO to ensure, that the following actions are timely and correctly taken:
    - (A) JVCO shall be liquidated forthwith and, following payment of all known obligations thereof, and the establishment of a reasonable reserve to pay such true obligations of JVCO as are unknown at the time of its liquidation hereunder, the Parties shall share in the net proceeds therefrom, including without limitation the good will associated therewith, in accordance with the percentages set out in Section 3(d) hereof; notwithstanding the foregoing, RSCCDF IP and Al Khaleej IP, including any and all Confidential Information belonging to either Party, shall never be deemed upon termination of this Agreement to constitute an asset of JVCO, but rather shall at all times hereunder be and remain the sole and exclusive property of the Party that has provided the same to JVCO in accordance with the applicable provisions of this Agreement; and
    - (B) the JV Business shall be wound up forthwith and no further contracts for JVCO to provide services shall be accepted by JVCO hereunder.
  - (d) The provisions of Sections 6(d), 10, 11, 12 (with respect to termination under Section 12 only), 14(c) (with respect to termination under Section 14 only), 15, and 19 through 32, shall survive the termination or expiration of this Agreement.
- 15. Indemnification.** Each Party hereby agrees to indemnify and hold harmless the other, together with such Party's officers, directors, partners, shareholders, employees, agents

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and representatives (collectively, the “*Indemnified Parties*”), from and against any loss, cost, damage, claim, charge, set-off, encumbrance or other obligation or liability (a “*Liability*”) resulting from or arising out of any breach of such Party’s duties, obligations or requirements hereunder including, without limitation, any and all claims from third parties against any Indemnified Party as a result thereof (a “*Third-Party Claim*”). Such indemnification shall cover, to the greatest extent permitted under applicable law, the right to reimbursement of reasonable attorneys’ fees, expenses and costs of litigation, arbitration, mediation and/or settlement. Payment to the Indemnified Parties, and any of them, shall be made upon notice to the party or parties from whom indemnification may properly be sought hereunder (the “*Indemnifying Party*”) that a Liability has arisen (or, to the extent that notice has been previously delivered, that such Liability is continuing), together with any invoice or other demand for payment to any party, including an attorney defending against or prosecuting the same, and the Indemnifying Party shall promptly furnish payment thereon as directed in such notice.

**16. Compliance with this Agreement and the Articles.**

- (a) Compliance with this Agreement. Each Party undertakes to the other Party that, for so long as this Agreement remains in effect:
  - (i) it shall take all reasonably practicable steps including, without limitation, the exercise of votes it directly or indirectly controls at shareholder meetings to ensure that the terms of this Agreement are complied with,
  - (ii) it shall do all such other acts and things as may be necessary or desirable to implement this Agreement.
- (b) Compliance with the Articles. Each Party undertakes to the other to comply fully and promptly with the provisions of the Articles so that each and every provision of the Articles (subject to the following paragraph) shall be enforceable by the Shareholders as between themselves in whatever capacity.
- (c) Conflict with Articles. If and to the extent any provisions of this Agreement conflict with and/or deviate from the Articles and such conflict/deviation would, for reasons of law, not permit the Parties to this Agreement to proceed in accordance with the provisions hereof, then the Parties to this Agreement shall amend the Articles or make such other statements and take such other actions as are necessary to give full effect to the intent of the Parties as expressed through the provisions of this Agreement. Without limiting the generality of the foregoing, the Parties to this Agreement hereby expressly confirm that the provisions of this Agreement (as amended from time to time) shall, as between the Parties, have priority over the Articles.

**17. Representations of RSCCDF.** RSCCDF hereby represents and warrants to Al Khaleej, as of the Effective Date, as follows:

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- (a) RSCCDF is a corporation duly organized, validly existing and in good standing under the laws of the State of California, United States of America, and has full corporate power and authority to enter into and perform this Agreement in accordance with its terms.
  - (b) This Agreement has been duly authorized, validly executed and delivered by it, and constitutes the valid and binding agreement of RSCCDF, enforceable against RSCCDF in accordance with their respective terms under applicable law. Each person signing this Agreement on behalf of RSCCDF is the duly authorized representative of RSCCDF, with full authority to execute and deliver this Agreement for and on behalf of RSCCDF.
  - (c) By entering into this Agreement, RSCCDF has not violated or caused a default under any other agreements to which it is a party.
- 18. Representations of Al Khaleej.** Al Khaleej hereby represents and warrants to RSCCDF, as of the Effective Date, as follows:
- (a) Al Khaleej is a public joint stock company duly organized, validly existing and in good standing under the laws of the KSA, and has full corporate power and authority to enter into and perform this Agreement in accordance with its terms.
  - (b) This Agreement has been duly authorized, validly executed and delivered by it, and constitutes the valid and binding agreement of Al Khaleej, enforceable against Al Khaleej in accordance with their respective terms under applicable law. Each person signing this Agreement on behalf of Al Khaleej is the duly authorized representative of Al Khaleej, with full authority to execute and deliver this Agreement for and on behalf of Al Khaleej.
  - (c) By entering into this Agreement, Al Khaleej has not violated or caused a default under any other agreements to which it is a party.
- 19. Notices.** All notices, requests, demands and other communications to be given hereunder shall be in writing and shall be deemed to have been duly given on the date of personal service or transmission by fax if such transmission is received during the normal business hours of the addressee, or on the first business day after sending the same by overnight courier service or by telegram, or on the third business day after mailing the same by first class mail, or on the day of receipt if sent by certified or registered mail, addressed as set forth in the Preamble to this Agreement, or at such other address as any Party may hereafter indicate by notice delivered as set forth in this Section 19.
- 20. No Partnership.** Nothing contained in this Agreement is intended or shall be deemed to constitute a partnership, agency, or employer-employee relationship between the Parties, or their employees, agents, representatives, Affiliates, successors and/or assigns. Neither Party, their respective successors and assigns shall be liable for any debts, liabilities or obligations of the other Party ("*Indebtedness*"), except to the extent, if at all, specifically

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agreed to in writing by the Parties here in or in a subsequent document signed by each of them. The Parties shall not have the right to extend or to utilize the credit of the other Party, to extend credit in the name of the other Party, or to represent that such Party has been authorized by the other Party to do so without the express written consent of such other Party. In the event that a creditor of a Party shall assert a claim against such Party based on such Indebtedness, then the Party who in fact is obligated thereon shall indemnify and hold the other Party harmless from and against any losses, claims or liabilities by reason thereof in accordance with the provisions of Section 7 above.

**21. Dispute Resolution.**

- (a) Except as specifically excluded under Section 21(b) below, all claims, disputes and other matters in question arising out of or relating to this Agreement shall be finally and exclusively settled under the Rules of Arbitration of the International Chamber of Commerce (the “*Rules*”) by one or more arbitrators appointed in accordance with the said Rules. The Parties hereby agree that, except where a Party may need to resort to a request for injunctive or other equitable relief due to exigent circumstances, no request for arbitration may be served by either Party unless and until either Party has requested by written notice to the other Party the conduct of good faith negotiations to resolve the relevant dispute, and at least thirty (30) days have elapsed from the date of such request without the Parties succeeding in reaching an amicable solution in relation to the same, it being the express intention of the Parties to, as much as possible, avoid litigation as a means of dispute resolution. Claims and disputes subject to arbitration pursuant to this Section 21(a) include, but are not limited to, the following:
- (i) a dispute as to whether a default or violation of this Agreement exists;
  - (ii) a dispute as to whether such default or violation entitles the non-defaulting Party to terminate this Agreement, and/or to other relief as a result thereof;
  - (iii) a dispute as to the validity of this Agreement, or the validity of this Section 21(a);
  - (iv) a dispute relating to the construction, meaning, interpretation, application or effect of this Agreement or anything contained herein; and
  - (v) a dispute as to the rights, obligations or liabilities of the Parties hereunder.
- (b) Notwithstanding anything to the contrary set forth in this Agreement, arbitration may not be invoked to compel any Party to accept any matter required to be agreed upon by, or to be determined with the consent or approval of, such Party pursuant to this Agreement or otherwise as set forth in a signed document.

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- (c) All arbitration proceedings permitted to be conducted pursuant to this Section 21 shall be conducted in the English language in the City of London, United Kingdom.
  - (d) Each decision rendered by the arbitrator in respect of an issue submitted to arbitration shall be final and binding upon the Parties hereto, and shall be enforceable by any court of competent jurisdiction upon an entry of judgment by such court in accordance with applicable law; no appeal of the decision of the arbitrator may be brought in any court. The Parties intend and hereby agree that all decisions of the arbitrator under this Section 21 shall be fully enforceable as a foreign arbitral award by any court of competent jurisdiction in the United States of America and in the Kingdom of Saudi Arabia, as applicable.
  - (e) In no event shall either Party to an arbitration convened hereunder be entitled to an award of exemplary, consequential, special or punitive damages as a part of the arbitral award.
  - (f) Anything to the contrary in this Agreement notwithstanding, either Party may apply to the arbitrator(s) and/or any competent judicial authority for interim or conservatory measures, including without limitation for injunctive or equitable relief. Any such application to a judicial authority, whether filed before or after submission of a request for arbitration or transmission of the arbitration file to the arbitrator(s), shall not be deemed to be an infringement or a waiver of the arbitration agreement set out herein and shall not affect the relevant powers reserved to the arbitral tribunal.
22. **Benefit of Parties.** All of the terms and provisions of this Agreement shall be binding upon the Parties executing the same and their respective permitted successors and assigns. Except as expressly provided herein, a Party may not assign its rights and obligations to a third party without the prior written consent of the other Parties, provided, however, that a Party may, in its sole discretion, assign its rights to receive fees and distributions from JVCO to one or more of its Affiliates;
23. **Counterparts; Facsimiles and Scans.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimiles and electronic scans containing original signatures shall be deemed for all purposes to be originally-signed copies of the documents which are the subject of such facsimiles or scans.
24. **Further Assurances of Cooperation.** During the Term of this Agreement, each of the Parties hereto shall do all things and execute all documents reasonably necessary or desirable in order to carry out the purposes and intents of this Agreement, and shall fully cooperate with each other and with JVCO in all respects in good faith to ensure that the Joint Venture operates in the manner contemplated herein and achieves all of its stated objectives.

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25. **Index, Captions, Definitions and Defined Terms.** The captions of the Articles and Sections of this Agreement and subsections thereof are solely for convenient reference and shall not be deemed to affect the meaning or interpretation of any provisions hereof. Notwithstanding the foregoing, the Definitions set forth in Article 1 hereof, together with any other defined terms in this Agreement, as identified by their insertion in parentheses and quotation marks ("*Defined Terms*"), shall be incorporated herein as written, made a part hereof, and govern the interpretation of the text of this Agreement, irrespective of whether such Definitions or Defined Terms appear in the text of this Agreement before or after they are defined.
26. **Non-Waiver of Rights.** The failure of any Party to enforce at any time any of the provisions hereof shall not be deemed or construed to be a waiver of any such provisions or a waiver of the right of such Party thereafter to enforce any such provisions. No waiver by a Party of any right hereunder shall be deemed a waiver of any other right, and no such waiver shall be binding unless executed in writing by the Party making the waiver.
27. **Force Majeure.** In the event that a Party is prevented or delayed from performing, fulfilling or completing any obligation provided for in this Agreement as a result of delays caused by general strikes, lock-outs, unavailability of materials, acts of God, acts of any national, state or local governmental agency or authority of a foreign government, war, terrorism, insurrection, rebellion, riot, civil disorder, fire, explosion or the elements (each, a "*Force Majeure Event*"), then the time for performance, fulfillment or completion shall be extended for a period not exceeding the number of days by which the same was so delayed. If a Force Majeure Event shall be in existence for one year or more, then any Party shall have the right to terminate this Agreement at any time thereafter by giving the other Party at least thirty (30) days written notice of termination to the other Party, provided that the Force Majeure Event continues to be in effect as of the date that such notice is given.
28. **Entire Agreement.** This Agreement, including all Exhibits hereto, contains the entire understanding of the Parties as of the Effective Date. There are no representations, promises, warranties, covenants, agreements or undertakings other than those expressly set forth herein or therein, as applicable, or provided for in this Agreement or in such Exhibits, and the same supersede all prior agreements and understandings between the Parties with respect to the relationships and transactions contemplated by this Agreement. It is the intent of the Parties to develop the relationship established hereunder, and the Parties may amend and supplement this Agreement so as to provide for expansion of the scope of the JV Business as the Parties may hereafter mutually agree. Any amendment or supplement to this Agreement must, however, be clearly identified as such and set forth in writing ("*Supplemental Documents*"). Supplemental Documents may include corporate resolutions and/or other written exchanges between the Parties, but must be manually signed, in the original, by duly authorized representatives of the Parties to constitute valid Supplemental Documents for purposes hereof. In case of a conflict between the terms of this Agreement and the terms of any other agreement or Supplemental Document entered into between the Parties, the terms of this Agreement

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shall prevail unless expressly stated otherwise in such subsequent agreement or document.

29. **Validity of Provisions.** Should any part of this Agreement be declared by any court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions, which remaining portions shall continue in full force and effect as if such instrument had been executed with the invalid portion thereof eliminated therefrom, it being the intent of the Parties that they would have executed the remaining portions without including any such part or portion which may for any reason be declared invalid. In the event that a provision of this Agreement shall be declared to be invalid, then the Parties agree that they shall, in good faith, negotiate with one another to replace such invalid provision with a valid provision as similar as possible to that which had been held to be invalid, giving due recognition to the reason for which such provision had been held invalid.
30. **Payments.** Any payment to be made to any Party pursuant to any provision of this Agreement shall be made by means of a wire transfer or by means of a deposit to a bona fide bank account as designated by such Party. The Parties shall each have the right to specify in writing any bank account to which payments due them (respectively) shall be made.
31. **Specific Performance; Remedies Cumulative.** The parties hereby agree that, in the event of any breach of this Agreement by the other Party, where such breach may cause irreparable harm to the non-breaching Party, or where monetary damages may not be sufficient or may not be adequately quantified, then, notwithstanding the provisions of Section 21 hereof, the affected party or parties shall be entitled to seek from any court of competent jurisdiction specific performance, injunctive relief or such other equitable remedies as may be available to it, which remedies shall be cumulative and non-exclusive, and in addition to such other remedies as such party may otherwise have at law or in equity.
32. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of England and Wales, without giving effect to the law of conflicts of laws applied thereby, provided, however, that the last sentence of Section 6(d) shall control with respect to any matter or dispute arising in relation to Section 6(d).

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

**EXECUTION COPY**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

|  |   |
|--|---|
| <b>RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION</b> | <b>AL KHALEEJ TRAINING AND EDUCATION CORPORATION:</b> |
| By: _____  | By: _____   |
| Name: _____  | Name: _____   |
| Title: _____   | Title: _____  |



**CONTRACT FOR PUBLIC AFFAIRS AND COMMUNICATIONS CONSULTANT SERVICES**

**THIS CONTRACT** ("Contract") is made and entered into this 21st day of July 2015, by and between Rancho Santiago Community College District Foundation ("Client"), and Townsend Public Affairs, Inc., a California corporation ("Consultant"). For valuable consideration, Client and Consultant agree:

1. Term.  
This Contract is effective as of the date above. The terms and conditions of this Contract shall remain in full force for the period set forth in Exhibit "A."
2. Services.  
Consultant will, in accordance with the terms of this Contract, perform the services described in Exhibit "A," ("Services").
3. Fees.  
Client agrees to pay Consultant for the services in the amount described in Exhibit "A" in accordance with the provisions of the Fee Schedule in Exhibit "A." The Consultant will submit a monthly invoice to Client reflecting the fee and including any expenses incurred for such month. Client shall pay each billing within thirty (30) days of receipt thereof.
4. Laws, Rules and Regulations.  
Consultant shall perform the Services in accordance with all applicable local, state and federal laws and regulations, exercising the standard of care applicable to Consultant's profession.
5. No Condition to Payment.  
It is the intention of the parties to this Contract that the Services rendered hereunder and the payments made hereunder and the payments made therefore are not in any way contingent upon the defeat or enactment of any legislative or administrative proposal or the achievement of any specific result. The parties hereto agree that such sums as are paid pursuant to this Contract shall be deemed to be the reasonable value of services rendered hereunder.
6. Independent Contractor.  
It is the intention of the parties to this Contract that the Services rendered hereunder shall be so rendered by Consultant as an independent contractor and not as an employee, agent, joint venturer or partner of Client. Nothing in this Contract shall be interpreted or construed as creating or establishing the relationship of employer and employee between Client and Consultant or any employee or agent of Consultant. Both parties acknowledge that Consultant is not an employee for state or federal tax purposes. Consultant shall retain the right to perform services for others under the terms of this Contract during the entire term hereof.
7. Work Product  
Any tangible work product that is developed by Consultant shall be the property of the Client.
8. Confidentiality.  
Consultant agrees to maintain the confidentiality of files or other information it is provided or develops during the course of its work for Client. It is understood, however, that disclosure of certain information provided by Client may be necessary or appropriate in the course of its representation of Client. Such disclosures shall be made upon consultation with Client or Client's designated representative and with written consent from the Client.

9. Termination.  
This Contract may be terminated by either party upon thirty (30) days written notice to the other party specifying desired date of termination.
10. Contract Modifications.  
Client and Consultant agree that the terms and conditions of this Contract shall constitute the entire agreement between the parties signatory hereto as to the matters set forth herein. Client and Consultant may modify the terms of this Contract only by executing a written Contract Addendum, which shall reference this Contract and shall be executed by the parties' signatory hereto.
11. Attorneys Fees.  
Client and Consultant agree that the prevailing party in any dispute under this Agreement shall be entitled to an award of attorneys' fees and costs as ordered by a court of competent jurisdiction.
12. Certification of Non-Discrimination.  
By signing this Contract, Consultant certifies that it does not discriminate in hiring on the basis of race, color, creed, religion, sex, age, marital status, national origin, ancestry, physical handicap or medical conditions.
13. Notice.  
Notice and written communications sent by one party to the other shall be personally delivered or sent by U.S. Mail, postage prepaid, to the following addresses:
- To Client:                              Rancho Santiago Community College District Foundation  
    Attention: Enrique Perez, Executive Director  
    2323 North Broadway  
    Santa Ana, CA 92706
- To Consultant:                              Townsend Public Affairs, Inc.  
    Attention: Christopher Townsend, President  
    1401 Dove Street, Ste. 330  
    Newport Beach, CA 92660
14. Execution.  
The representatives of Client and Consultant warrant that they have authority to sign on behalf of and bind their principals and have caused this Contract to be duly executed the day and year first above written.

"CONSULTANT"

TOWNSEND PUBLIC AFFAIRS, INC.

a California corporation

By: \_\_\_\_\_  
Christopher J. Townsend  
President and Secretary

"CLIENT"

RANCHO SANTIAGO COMMUNITY COLLEGE  
DISTRICT FOUNDATION

a non-profit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT "A"**  
**TO**  
**CONTRACT FOR PUBLIC AFFAIRS AND COMMUNICATIONS CONSULTANT SERVICES**

**TERM:** July 21, 2015 through January 20, 2016

**FEE SCHEDULE:** \$1,667 per month plus any pre-approved expenses

**SERVICES:** Pursuant to the direction of the Chancellor and district administrative staff, provide assistance with a wide variety of public affairs, public information, communications, marketing, and community relations activities for the Foundation. Services will include, but not be limited to, assistance with press materials, media story pitching, social media outreach, talking points for Foundation officials, and recommendations for internal communication.

**Client Initials:** \_\_\_\_\_

**Consultant Initials:** \_\_\_\_\_

**RSCCD FOUNDATION**  
**PROPOSED BUDGET 2015-2016**

|                          |                      |
|--------------------------|----------------------|
| <b>BEGINNING BALANCE</b> | <b>\$ 190,506.10</b> |
|--------------------------|----------------------|

***Projected Revenues***

|  |            |
|--|------------|
| Capability Building Contract                             | 250,000.00 |
| Union Bank Donation (SBDC)                               | 50,000.00  |
| Chevron Donation (SBDC)                                  | 25,000.00  |
| Wells Fargo Donation (SBDC)                              | 50,000.00  |
| Wells Fargo Donation (Student Business Plan Competition) | 1,000.00   |
| International Educational Consultant Fees                | 3,000.00   |
| 10% Administrative Fee from Sponsorships                 | 10,500.00  |

|                       |                      |
|-----------------------|----------------------|
| <b>TOTAL REVENUES</b> | <b>\$ 389,500.00</b> |
|-----------------------|----------------------|

***Projected Expenditures***

|                                   |           |
|-----------------------------------|-----------|
| Union Bank Donation (SBDC)        | 45,000.00 |
| Chevron Donation (SBDC)           | 22,500.00 |
| Wells Fargo Donation (SBDC)       | 45,000.00 |
| Audit/Legal Fees                  | 75,000.00 |
| Joint Venture Corporation         | 25,000.00 |
| Townsend Public Affairs Contract  | 10,000.00 |
| Event Sponsorships                | 5,000.00  |
| Conferences / Travel              | 10,000.00 |
| International Student Recruitment | 25,000.00 |
| Food Services (Board Expense)     | 1,000.00  |
| Office Supplies & Printing        | 1,000.00  |
| Licenses & Fees                   | 100.00    |
| Investment Fees                   | 5,000.00  |

|                           |                      |
|---------------------------|----------------------|
| <b>TOTAL EXPENDITURES</b> | <b>\$ 269,600.00</b> |
|---------------------------|----------------------|

|                       |                      |
|-----------------------|----------------------|
| <b>ENDING BALANCE</b> | <b>\$ 310,406.10</b> |
|-----------------------|----------------------|

BYLAWS  
OF  
RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

ARTICLE I

Name and Purposes

The corporation is dedicated to the support of the programs, and services and mission of the Rancho Santiago Community College District, and shall have such purposes as are now or may hereafter be set forth in its Articles of Incorporation. The name of the corporation, unless otherwise changed by the Board of Directors, shall be the Rancho Santiago Community College District Foundation.

ARTICLE II

Powers

The corporation shall have such powers as are now or may hereafter be granted by or not otherwise prohibited under the laws governing auxiliary organizations of the California Community Colleges, and by the Nonprofit Corporation Law of the State of California, by the Internal Revenue Code provisions and related regulations concerning exempt organizations, and by such other laws as operative to the corporation and its activities, except as limited by the provisions of its Articles of Incorporation of orand these Bylaws. Such powers include, but are not limited to:

1. Exercise any power available to auxiliary organizations and nonprofit corporations under California and federal law, provided that such powers are exercised in the furtherance of the purposes, mission and function of the corporation, and in the manner that such powers may legally be exercised.
2. Establish and maintain a fund or funds for the corporation's activities and programs.
3. Acquire, hold, and dispose of property, real or personal, to meet the purposes, mission and function of the corporation, including, but not limited to, the acquisition of necessary facilities and equipment; the retention of staff; the making and entering into contracts; and the incurring of debts, liabilities, or obligations.

4. To receive, accept, and utilize property, real or personal, for permissible corporation purposes; and to receive, accept, expend, and disburse funds by contract or otherwise, for the purposes consistent with the provisions of the corporation and as permitted by law.
5. To perform such other functions as may be necessary or appropriate to carry out the purposes, mission and functions of the corporation.

### ARTICLE III

#### Offices

The corporation shall have and continuously maintain within the Rancho Santiago Community College District or in its geographic area of operations, a principal office for the transaction of the corporation's business.

### ARTICLE IV

#### Membership

Section 1. No Regular Members. In accordance with Section 5310 of the California Nonprofit Public Benefit Corporation Law, the corporation shall have no members within the meaning of Section 5056 of that law. All action which would otherwise require approval by a majority of all members or approval by members shall require only approval of the Board of Directors. All rights which would otherwise vest in members shall vest in the Board of Directors.

Section 2. Persons Associated with the Corporation. By resolution, The Board of Directors may create any such advisory boards, councils, honorary memberships or other bodies as it deems appropriate. The Board of Directors may also, by resolution, confer upon any such class or classes of such persons some or all of the rights of a member under the California Nonprofit Public Benefit Corporation Law other than the right to vote:

- (a) for the election of a Director or Directors or an officer or officers; or
- (b) on a disposition of all or substantially all of the assets of the corporation; or
- (c) on a merger; or
- (d) on a dissolution; or
- (e) on changes to the corporation's Articles of Incorporation or Bylaws.

All such voting rights being vested exclusively in the Board of Directors.

## ARTICLE V

### Board of Directors

Section 1. Definition of Terms. For the purpose of these Bylaws, “Board of Directors” or “Board” refers to the Board of Directors of the corporation, unless otherwise indicated. “District” refers to the Rancho Santiago Community College District. “Board of Trustees” refers to the Board of Trustees of the Rancho Santiago Community College District. “Trustee” refers to a member of the District Board of Trustees. “Chancellor” refers to the Chancellor of the District. “President” refers to the President of the Board of Directors.

Section 2. General Powers. All the business and affairs of the corporation shall be conducted, managed and overseen and controlled by the Board of Directors. Subject to the Articles, these Bylaws, and applicable California and federal law, the Board of Directors shall have the power to:

1. Establish bylaws, rules, and regulations not inconsistent with the Articles, Bylaws and applicable California and federal law as may be necessary for, or of assistance in the conduct of the corporation’s activities and business.
2. Provide for the management and administration of the corporation’s activities and programs in a manner that is in the best interest of the corporation and consistent with the Articles and Bylaws. This power shall include (but not be limited to) the power to employ and terminate a management firm for such purpose, to employ staff, and to acquire or contract for facilities and vendor support.
3. Appoint and dissolve committees.
4. Insure or cause to be maintained a complete and accurate system of accounting for all funds.
4. Maintain, or cause to be maintained, accurate records for all corporation activities.
5. Enter into contracts consistent with the terms of the Articles and Bylaws, and as permissible under California and federal law.
6. Adopt an annual budget.
7. Oversee the activities of all committees.



8. Annually evaluate, or cause to be evaluated the performance of staff.
9. Perform any and all other functions necessary or appropriate to accomplish the purpose of the corporation consistent with the Article and Bylaws, and as permissible under California and federal law.

Section 3. Number. The authorized number of voting Directors shall be not less than five (5) or more than eleven (11) seven (7) unless changed by an amendment of these Bylaws.

Section 4. Selection and Tenure. The Chancellor following District-related persons shall be ex-officio voting Directors of the corporation.: the Chancellor, the Vice Chancellor of Business Operations and Fiscal Services, and the Executive Director of the Foundation. The following shall be non-voting Directors of the corporation: the Executive Vice Chancellor of Human Resources and Educational Services, the Vice Chancellor of Business Operations and Fiscal Services, the President of Santa Ana College, the President of Santiago Canyon College, the Santa Ana College Academic Senate President or their Designee, the Santiago Canyon College Academic Senate President or their Designee, the Santa Ana College Foundation Director and the Santiago Canyon College Foundation Director. The other four Four of the (4) initial voting Directors shall be selected as follows: Two (2) Trustees appointed by the Board of Trustees who shall serve a one (1) year term; and . Tthree (3) or more Directors appointed by the Chancellor who shall serve one (1), two (2) or three (3) year terms as determined by the Chancellor. To the extent the Board expands the number of voting Directors, the Chancellor shall appoint for the initial term, factoring in recommendations from the remaining Board members. All appointed Directors may have their initial terms extended as determined by the Board of Directors. appointing body or individual. All subsequent Directors shall have After the initial terms expire, on reappointment, the Directors shall serve three (3) year terms with no term limits.

Section 5. Voting. Each voting member of the Board of Directors shall have one vote. When the business and affairs of the Corporation require a vote between meetings, voting may take place by electronic mail and subsequently ratified at the next scheduled meeting There shall be no proxy voting permitted for the transaction of any of the business of this corporation. All votes shall be recorded in the Minutes of meetings, including each voting member's vote.

Section 6. Resignation and Removal. Any Director may resign from the Bboard at any time by giving written notice to the President or Secretary of the corporation and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Directors, except those serving ex-officio and the Director appointed by the Board of Trustees, may be removed from office only by the vote of a majority of the Directors present at a meeting at which a quorum is presentthe total number of voting Directors on the Board of Directors., subject to the approval of the Chancellor.

Section 7. Vacancies. Any vacancy occurring on the Board of Directors shall may be filled by the remaining members of the Board of Directors for the unexpired portion of the term. Vacancies may be left unfilled, at the discretion of the Board of Directors, provided that a minimum of seven five (5) voting members is maintained.

Section 8. Compensation of Directors. No Director shall receive any salary or other similar compensation for any services as a Director.; however, tThe Board of Directors may authorize the reimbursement of actual and necessary expenses incurred by individual Directors performing duties as Directorson behalf of the corporation and subject to Board review and approval. Such authorization shall, where feasible, be made in advance of any such expenses being incurred or otherwise approved and subsequently ratified at the next scheduled meeting of the Board.

Section 9. Inspection by Directors. Each Director shall have the right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the corporation, provided that no individual Director shall use such records other than for the corporation's purpose and benefit, or disclose any matters relating to privileged communications or Closed Session matters. for a purpose reasonably related to such person's interest as a Director provided that such Director shall not have the right to inspect those books, records or documents made privileged or confidential by law . This inspection must be made by the Director in person, provided that the Director may be accompanied by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents at the Director's expense. Nothing in this section shall affect the right of the Board of Directors to conduct the business of the corporation as set forth in these Bylaws.

Section 10. Delegation. Pursuant to Section 5210 of the California Corporations Code, the Board of Directors may delegate the management of the activities of the corporation to any person or persons, management company, or committee however composed, including (but not limited to) an employee of the District, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate supervision and direction of the Board of Directors.

Section 11. Conflict of Interest. Each Director shall familiarize himself or herself with the applicable conflict of interest rules and requirements, and adhere to them. No member of the Board of Directors shall vote on any matter in which he or she has a conflict of interest and/or be financially interested in any contract or other transaction entered into by the Board of Directors that is not in accordance with the conflict of interest provisions set forth in Education Code Sections 72677-72680 or as otherwise set forth under California or federal law. Any such conflict or potential conflict shall be identified by the Board member prior to discussion or action on the subject Agenda item, and the Board member shall recuse himself or herself from discussion or voting on the item. All such matters shall be recorded in the Minutes of the corporation's meetings. The following relationships are specifically deemed not permissible:

Any contract, other than an employment contract, directly between the Foundation and a Director.

Any contracts between the Foundation and a partnership or unincorporated association in which a Director is a partner, or owner, or holder, directly or indirectly, of a proprietorship interest.

Any contract between the Foundation and a for-profit corporation in which a Director is the owner or holder, directly or indirectly, of 5 percent or more of the outstanding common stock.

There are other relationships, including the following that are permissible:

Contracts between the Foundation and a for-profit corporation in which a Director is the owner or holder, directly or indirectly, of less than 5 percent of the outstanding common stock.

Contracts between the Foundation and a for-profit corporation on whose Board of Directors a Director serves and such Director is the owner or holder, directly or indirectly, of less than 5 percent of the outstanding stock.

Contracts between the Foundation and a nonprofit corporation on whose Board of Directors a Director serves.

## ARTICLE VI

### Meetings of the Board of Directors

Section 1. Place of Meetings. Meetings of the Board of Directors shall be held at any place within the Rancho Santiago Community College District as the Executive Director or Board may designate. In the absence of such designation, meetings shall be held at the principal office of the corporation.

Section 2. Annual Meeting. An annual meeting of the Board of Directors shall be held in June of each year, unless otherwise set by the Board of Directors for another month prior to the regular meeting of the Board of Directors. Such meeting shall be for the purpose of appointing Directors and electing Officers, other than ex-officio Officers, of the corporation and for the transaction of such other business of the corporation as may come before the meeting..

Section 3. Regular Meetings. Regular meetings of the Board of Directors shall be held at least two times per year upon notice in accordance with Section 5 of this Article VI, and may be held at such other times as deemed necessary and in the best interests of the corporation by the Executive Director or Board.

**Section 4. Special and Emergency Meetings.** Special meetings of the Board Directors may be called by, or at the direction of, the President, the Chief Executive Officer, or by a majority of the voting Directors then in office, to be held at such time and place as shall be designated in the notice of meeting. The call and notice of a special meeting shall be delivered at least forty-eight hours prior to any meeting and shall specify the time and place of the meeting and the business to be transacted. If notice is given by facsimile or email, such notice shall be deemed delivered when the facsimile or email is transmitted. Emergency meetings shall be conducted in accordance with the provisions of the Ralph M. Brown Act.

**Section 5. Notice of Meeting.**

(a) Notice of the time and place of any meeting of the Board of Directors other than special meetings shall be given at least seven (7) days previous thereto, and delivered personally or sent by U.S. mail, email or facsimile to each Director at his or her address or facsimile number as shown in the records of the corporation. If mailed, such notice shall be deemed to be delivered the next day during which regular mail deliveries are made after the day such notice is deposited in the United States Postal Service in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by personal delivery, email or facsimile, such notice shall be deemed delivered when the email or facsimile is transmitted. The business to be transacted at any regular or special meeting of the Board shall be specified in the Agendanotice of any such meeting.

(b) The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**Section 6. Open Meetings.** Agendas for all meetings shall be posted on the Foundation's website and physically posted at the District location or other location where the meetings are held. All meetings of the Board shall be open and public, and all persons shall be permitted to attend any meeting of the Board, in conformity with the California statutes governing the corporation, commencing with Section 54950 of the Government CodeRalph M. Brown Act. However, the Board may hold Cclosed Ssessions during any meeting to consider those matters that may lawfully be considered in such sessions. As to any Open Sessions where any Agenda item for discussion and/or action involves a relationship of any voting or non-voting Director with a party adverse or potentially adverse to the corporation, the Director shall recuse himself or herself from participation in the discussion as well as action. As to Closed Sessions, only voting Directors shall attend unless otherwise decided by the Board of Directors prior to adjourning to Closed Session.

**Section 7. Quorum and Manner of Acting.** A simple majority of the then existing number of voting Directors A majority of the number of in office shall constitute a quorum of the Board of Directors for the transaction of business, except to adjourn as provided in Section 8 of this Article VI. Every act or decision done or made by a

majority of the Directors present at a meeting at which a quorum is present shall be regarded as the act of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal or recusal of a Director or Directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 8. Adjourned Meetings. A quorum of the Board of Directors may adjourn any Directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed by the next regular meeting of the Board of Directors. If the meeting is to be adjourned for more than twenty-four (24) hours, then notice of the adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who are not present at the time of the adjournment, and all setting of, and Agendas concerning any such meeting shall also adhere to the posting and other provisions of the Brown Act.

Section 9. Minutes of Meetings and Conduct. Regular mMinutes of the Open Session proceedings of the Board of Directors shall be kept in a book provided for that purpose, including agendized items and action reported out of Closed Session. The Board of Directors may adopt its own rules of procedure insofar as such rules are not inconsistent with, or in conflict with, these Bylaws, the Articles of Incorporation of the corporation, or with the California Corporations Code or any other applicable provisions of California or federal law.

## ARTICLE VII

### Officers

Section 1. Officers. The Officers of the corporation shall be a President, Vice President, a Secretary and a Treasurer. The corporation, at the discretion of the Board of Directors, may have additional Officers. Any number of offices may be held by the same person, except that neither the Treasurer nor the Secretary may serve concurrently as the President, except as provided in Article VII Section 6. The President, Vice President and the Secretary of the corporation shall be voting Directors. All Officers shall be voting Directors.

Section 2. Election and Terms of Office. Initially, the Officers of the corporation, other than those serving ex-officio, shall be appointed by the Chancellor for a one (1) year term and subsequently will be elected by the Board of Directors at its annual meeting. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as may conveniently be scheduled. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Except as provided in the case of Officers appointed under Section 4 of this Article VII, each Officer shall hold office for a term of one (1) year and until his or her successor shall have been elected, unless he or she shall sooner resign, be removed, or become ineligible to continue to serve in such capacity. Elected Officers may serve as many successive one (1) year terms as the Board of Directors deems appropriate, without term limits.

Section 3. Removal and Resignation. Any Officer elected by the Board of Directors may be removed from office by a majority of the Directors present at a meeting of the total number of voting Directors whenever, in their judgment, the best interests of the corporation would be served thereby. Any elected Officer may resign from office at any time by giving written notice to the President of the Board or the Secretary of the corporation and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the Officer is a party.

Section 4. Vacancies. A vacancy in any office, other than one occupied ex-officio, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President shall be the presiding officer of the Board of Directors. The President shall have such other powers and duties as the Board of Directors may prescribe from time to time.

Section 6. Vice President. In the absence or disability of the President, the Vice President shall perform all of the duties of the President. When so acting, the Vice President shall have all of the powers and duties of the President. The Vice President shall also have such other duties as from time to time may be assigned to her or him by the President or the Board of Directors.

Section 7. Secretary. The Chancellor shall be the Secretary of the corporation. The Secretary shall keep or cause to be kept a book of minutes at the principal office or at such other place as the Board of Directors may order of all meetings of the Directors, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors meetings. The Secretary shall give or cause to be given notice of all the meetings of the Board of Directors required by these Bylaws or by law to be given.

Section 8. Treasurer. The Vice Chancellor of Business Operations and Fiscal Services shall be the Treasurer of the corporation. The Treasurer shall cause to be kept the financial records of the funds and assets of the cCorporation; shall cause to be received and receipted moneys payable to the corporation from any source whatsoever, and deposit all such funds in the name of the corporation in such banks or other depositories as shall be selected; shall be responsible for causing to be kept all books and records or accounts of the financial transactions and affairs of the corporation; and in general cause to be performed all the duties incident to the office of Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her other duties in such sum and with such surety as the Board of Directors shall determine.

Section 9. Executive Director. The Executive Director shall be the Chancellor or an administrator of the Rancho Santiago Community College District designated by the Chancellor. The Executive Director shall act as the Chief Executive Officer of the corporation and shall have general supervision of the affairs of the corporation.

## ARTICLE VIII

## Indemnification of Directors, Officers, and other Agents

Section 1. Right of Indemnity. To the fullest extent permitted by law, the corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 5238 (a) of the California Corporations Code or as otherwise permitted under California law, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this Bylaw, shall have the same meaning as in Section 5238 (a) of the California Corporations Code or as otherwise provided in applicable California law.

Section 2. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 5238 (b) or Section 5238 (c) of the California Corporations Code, the Board shall promptly determine under Section 5238 (e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238 (b) or Section 5238 (c) has been met and, if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these Bylaws in defending any proceeding covered by those Sections shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the corporation for those expenses.

Section 4. Insurance. The corporation shall have the right discretion to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any Officer, Director, employee, or agent in such capacity or arising out of the Officer's, Director's employee's or agent's status as such.

## ARTICLE IX

### Committees and Advisory Boards

Section 1. Committees. The Board may appoint one or more committees, each consisting of at least one (1) two or more voting Directors, and delegate to such committees any of the authority of the Board except with respect to:

- (a) The filling of vacancies on the Board or in any committee;

- (b) The fixing of compensation of the Directors for serving on the Board or on any committee, should Article V, Section 7 be amended to allow such compensation;
- (c) The amendment or repeal of Bylaws or the adoption of any new Bylaws;
- (d) The amendment or repeal of any resolution decision of the Board which by its express terms is not so amendable or repealable;
- (e) The appointment of other committees of the Board or the members thereof; or
- (f) The approval of any self-dealing transaction, as such transactions are defined in Section 5233 (a) of the California Nonprofit Corporation Law; and
- (f)(g) Such other matters as deemed advisable by the Board..

Any such committee must be created, and the members thereof appointed, by resolution adopted by a majority of the Directors then in office the Board. The President shall appoint the Chairs of all committees from among the members thereof. The Board may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Minutes shall be kept of each meeting of each committee. To the extent any committee is a Standing Committee with continuing jurisdiction over a given subject matter or regular meeting schedule, or comprised of a majority of the voting members of the Board, it shall also schedule, agendize, post and conduct meetings in compliance with the Brown Act.

Section 2. Advisory Board Committees. The Board may appoint one or more advisory boards committees, each consisting of two (2) or more at least one (1) voting Directors or non-Directors. Such advisory boards committees shall have their membership and functions defined by a Resolution of the Board. The Chancellor shall appoint the Chairs of all advisory boards committees. Advisory boards shall committees make recommendations to the Board of Directors through the Chancellor; but shall not have the authority of the Board with regard to any matters they may consider. Minutes shall be kept of each meeting of each advisory board. To the extent any advisory committee is a Standing Committee with continuing jurisdiction over a given subject matter or regular meeting schedule, or comprised of a majority of the voting members of the Board, it shall also schedule, agendize, post and conduct meetings in compliance with the Brown Act.

## ARTICLE X



## Contracts, Loans, Checks, Deposits, and Gifts

Section 1. Contracts. The Board of Directors may authorize any Officer or agent of the corporation, in addition to the Officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances, subject to the Articles, these Bylaws and California and federal law.

Section 2. Loans. The Board of Directors shall not make any loan of money or property to or guarantee the obligation of any Director.

Section 3. Borrowing. No loan shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors and undertaken in conformance with the Articles, Bylaws and California and federal law.

Section 4. Checks, Drafts, Etc. All checks, drafts, or orders for the payment of money shall be signed by not less than two officers, or agents, (one of whom is an employee designated by the College District), of the corporation, in such manner as determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and countersigned by the President of the corporation (or the Chancellor).

Section 5. Deposits. All funds of the corporation shall be deposited in a timely manner to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 6. Gifts, Donations, Bequests, Devises and Trusts. The Board of Directors may at their discretion accept on behalf of the corporation any gift, donation, bequest, devise and Trust for the general purpose or for any specific purposes of the corporation.

Section 7. Specially Funded Grants. Any specially funded grants for research and other projects shall be accepted by the Board of Directors in accordance with policies and procedures established by the Board of Trustees.Directors.

## ARTICLE XI

### Miscellaneous

Section 1. Fiscal Year. The fiscal year of the corporation shall begin on the first day of July and end on the last day of June in each year unless otherwise determined by resolution of the Board of Directors.

Section 2. Rules. The Board of Directors may adopt, amend, or repeal rules not inconsistent with these Bylaws for the management of the internal affairs of the corporation and the governance of its Officers, agents, committees, and employees.

Section 3. Books and Records. The corporation shall keep correct and complete books and records of account and shall also keep records and minutes of the proceedings of the Board of Directors and committees. Copies of the minutes of the Board of Directors and of the committees shall be regularly distributed to each member of the Board of Directors.

Section 4. Waiver of Notice. Whenever any notices are required to be given under the provisions of the Nonprofit Corporation Act of the State of California, or under the provisions of the Articles of Incorporation of the corporation, or these Bylaws, a waiver thereof in writing signed by the persons entitled to such notice, whether dated before or after the time stated herein, to the extent permitted by law, shall be deemed equivalent to the giving of such notice.

Section 5. Attorney and Accountant Services. The Board of Directors shall have the benefit of the advice and counsel of at least one attorney admitted to practice law in the State and at least one licensed certified public accountant. Neither the attorney at law nor the certified public accountant need be members of the Board of Directors. The Board shall also have discretion to engage such other professionals and consultants as deemed reasonable and appropriate to address the needs of the corporation.

Section 6. Submission of Annual Program and Budget. The Board of Directors shall submit its program and budget for the next fiscal year to the Chancellor for his/her approval on or before June 30 of each year, unless otherwise extended by the Board of Directors. Should the Chancellor determine that any program or appropriation planned by the corporation is not consistent with the purposes of the corporation and/or the policies of the Board of Trustees, the program or appropriation shall not be implemented. Further, should a program or appropriation which had received approval, upon review, be determined by the Chancellor to be operating outside of the purposes of the corporation and/or the scope of the policies of the Board of Trustees, then that program or appropriation shall be discontinued by direction of the Chancellor until further review is accomplished and an appropriate adjustment is made.

Section 7. Dissolution. In the event that the Corporation is dissolved pursuant to action by the Board of Trustees of the Rancho Santiago Community College District, all assets of the Corporation shall be distributed to the District.

## ARTICLE XII

### Amendment to Bylaws

These Bylaws may be amended at any regular meeting of any noticed meeting by the Board of Directors, or at any special meeting called solely for that purpose, by the Directors present at a meeting at which a quorum is present only by the vote of a majority of the total number of voting Directors on the Board of Directors, subject to the written approval of the Chancellor.

