

Management Services Agreement with PPH Foundation

TO: Board Finance Committee

MEETING DATE: Tuesday, August 1, 2006

FROM: Bob Hemker, CFO

Background: Proposed clarifying language to the Management Services Agreement—as agreed upon between PPH Administration and the PPH Foundation Finance Committee—will be presented.

Budget Impact: N/A

Staff Recommendation: Staff will make a recommendation at the meeting.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**PROPOSED REVISION TO
EXECUTION VERSION**

Executive Officer and Chief Financial Officer and Foundation's Chair and Treasurer shall approve in writing Advance requests exceeding One Hundred Thousand Dollars (\$100,000).

3.3 Use of Advances. Foundation shall use the Advances for the following purposes only:

- (a) For amounts approved by PPH in the capital and operating budgets of Foundation;
- (b) For subsequent repayment to PPH for insurance expense coverage;
- (c) For subsequent repayment to PPH in any given month when Foundation does not have sufficient funds to cover Foundation Expenses on a cumulative basis in accordance with the provisions of Exhibit 2.1; and
- (d) For normal and routine expenses incurred in the consummation of gift transactions approved by the Joint Gift Acceptance Committee.
- (f) Any individual expenses exceeding One Hundred Thousand Dollars (\$100,000) must be approved by the CEO of PPH.

3.4 Request and Delivery of Advances. When Foundation desires to obtain an Advance (cumulative expenses exceed cumulative contributions given to PPH), it shall deliver to PPH a notice in the form attached hereto as Exhibit 3.4 (the "Notice of Borrowing") at least three (3) Business Days prior to the date on which the Advance is to be paid (the "Proposed Funding Date"). The Notice of Borrowing shall specify the Proposed Funding Date (which shall be a Business Day), the amount of the requested Advance, and certify as to the satisfaction of each of the conditions set forth in Exhibit 3.4. "Business Day" shall mean any day which is not a Saturday, Sunday or a generally observed holiday for banks in the State of California.

3.5 Contingencies to PPH's Payment of Advances. PPH's obligation to make any Advances to Foundation under this Agreement shall be contingent upon the following:

(a) Documentation. Foundation's submission to PPH, in form and substance satisfactory to PPH, this Agreement, the Note (as defined in Section 4.1(a)), the Security Agreement (as defined in Section 4.1(b)), and such other documents and instruments as PPH may reasonably request, all duly executed by Foundation.

(b) Notice of Borrowing. Foundation's submission to PPH of a Notice of Borrowing in which Foundation certifies that as of the date of the Notice of Borrowing:

- (i) all of Foundation's representations and warranties contained in this Agreement shall be true, correct and complete in all material respects to the same extent as though made on and as of that date;