

RESTRICTED GRANT PROPOSAL

This restrictive donative grant proposal is made as of April 4, 2015, by Compact for America Educational Foundation, Inc., a Texas not-for-profit corporation, located at 2323 Clear Lake City Boulevard, Suite 180-190, Houston, Texas 77062, as an educational foundation ("CFAEF"), to the Compact for a Balanced Budget Commission ("CBBC"), as a joint state agency constituted by the States of Alaska, Georgia, Mississippi, North Dakota, and future Member States of the Compact for a Balanced Budget.

1. Grant Proposal. For a period of six months, commencing on or about April 12, 2015 and ending on or about September 12, 2015, CFAEF intends to make six monthly grants of \$7,500 to CBBC by deposit into the Arizona IOLTA Trust Account at Bank of America, the last four account numbers of which are 6758, which is maintained by Nick Dranias Law & Policy Analysis LLC, as trustee under a certain trust agreement with CFAEF, as Compact Administrator, dated January 27, 2015 (hereinafter "CBBC trust account"). Said grants are subject to discontinuance at any time by CFAEF in its sole and exclusive discretion, although once a grant is deposited, the deposited funds shall be regarded as the property of CBBC subject to the following conditions.

2. Conditions. In order to accept and dispose of the grant proposed herein, CBBC shall first promulgate and thereafter strictly observe the following binding official actions at a duly noticed meeting in accordance with applicable bylaws:

- (a) Adopt an appropriate budget for anticipated travel expense reimbursement and service compensation for Commissioners of the CBBC performance during the term of this restricted grant proposal;
- (b) Issue a written directive to the Compact Administrator and Nick Dranias Law & Policy Analysis LLC, as trustee, to make disbursements from the CBBC trust account, subject to the availability of funds in said account, based on a documented request for reasonable travel expense reimbursement and service compensation on forms provided by the Compact Administrator, which shall furnish the identity of the requesting Commissioner, date, time, location, and nature of the underlying activity generating the disbursement request;
- (c) Maintain the CBBC's contract with CFAEF to provide pro bono technical advice and assistance as Compact Administrator during the term of this grant proposal;
- (d) Furnish an ongoing periodic report of anticipated official compensated and reimbursed actions at operational meetings of CFAEF to be coordinated with the activities of CFAEF and other allied organizations, in such format and at such times as requested by CFAEF;
- (e) Furnish an ongoing post-monthly report of official compensated and reimbursed actions at the first subsequent monthly operational meeting of CFAEF, which report may adopt by reference sufficiently detailed compensation and reimbursement forms;
- (f) Represent and pledge that neither the CBBC nor its Commissioners are bound by, nor will enter into, any oral or written agreement with another party that conflicts in any way with the premises and conditions of this restricted grant proposal;
- (g) Acknowledge the separate and independent existence of CFAEF and Compact for America, Inc. and that no joint venture or partnership is created by this grant proposal;
- (h) Respect the confidentiality of all corporate activities and donor information, which are held in confidence by CFAEF and Compact for America, Inc.;
- (i) Acknowledge that the CBBC is and shall remain solely responsible for claims of compensation or travel reimbursement by Commissioners and that payment of same shall be

restricted to funds available in the CBBC trust account or such other similar bank account or fund established for the sole benefit of the CBBC; and

- (j) Maintain the CBBC's tax exempt status under Internal Revenue Code, 26 U.S. Code § 115 such that: (i) the funds granted hereunder constitute deductible charitable contributions under 26 U.S. Code § 170(c)(1), (ii) a form 990 need not be filed by the CBBC under Rev. Proc. 95-48, 1995-2 C.B. 418, 1995-47 I.R.B. 13, and (iii) the furnishing of technical advice and assistance by the CFAEF to the CBBC shall remain excluded from the definition of lobbying under 26 C.F.R. §§ 53.4945-2(d)(2), 56.4911-2(c)(3).

3. Additional donative grants may be made by the CFAEF to the CBBC from time to time at its sole discretion without any obligation; and, if made, the conditions specified in paragraph 2 shall apply to such additional grants unless otherwise specified in writing.

4. Miscellaneous. Neither party has any authority to bind the other in any way. This grant proposal shall not be amended except in writing. No oral waiver, amendment or modification shall be effective under any circumstances. This proposal shall be governed and construed under Arizona law. In the event an ambiguity or question of intent or interpretation arises, this proposal shall be construed as if drafted jointly and no presumption or burden of proof shall arise favoring or disfavoring the grantor or grantee by virtue of the authorship of any of the provisions of this Agreement. CFAEF and CBBC acknowledge that neither Nick Dranias Law & Policy Analysis LLC nor Nicholas C. Dranias shall be regarded as representing either of them as legal counsel in this instrument, with each responsible for securing independent legal advice and counsel. A signature below shall be construed as acknowledging the receipt of such independent legal advice and counsel or knowingly and voluntarily waiving such opportunity.

Grantor:

Compact for America Educational Foundation, Inc.

By: 

Printed Name: Harold R. DeMoss, III

Title: Chief Executive Officer, Office of the President

Grantee:

Compact for a Balanced Budget Commission

By: 

Printed Name: Paulette Rakestraw

Title: Chairperson