

TRUST AGREEMENT
SOUTHERN CALIFORNIA RUGBY FOOTBALL UNION
CAPITAL RESERVE FUND

This Agreement is entered into this 13th day of September, 1997 by the Southern California Rugby Football Union, a non-profit public benefit corporation, to establish and create the Southern California Rugby Football Union Capital Reserve Fund and to provide for the management and administration of that Fund in accordance with the terms set forth herein, with reference to the following facts:

RECITALS

1. The Southern California Rugby Football Union ("SCRFU") was established in 1937 to foster participation in the sport of Rugby Union Football and to promote, encourage and expand Rugby Union Football in Southern California;
2. SCRFU now consists of mens, womens, collegiate and university clubs located throughout Southern and Central California, Nevada and Arizona;
3. SCRFU is a non-profit public benefit corporation, duly formed under the laws of the State of California and in accordance with the rules and regulations of the Internal Revenue Service, with Federal Taxpayer Identification Numbers 33-0126306, 95-1192015;
4. One of SCRFU's long-term goals is to develop and support permanent rugby facilities; and
5. Over the past twelve years, SCRFU has accumulated reserve funds through prudent management of its finances. SCRFU now desires to establish a Trust Fund to protect and preserve those reserves, as well as to provide a means by which SCRFU may generate income to procure SCRFU-owned rugby fields and facilities, to fund special approved events, or through which its member clubs may obtain financing to procure permanent rugby facilities, including playing fields and related facilities;

NOW, THEREFORE, the Southern California Rugby Football Union hereby establishes the Southern California Rugby Football Union Capital Reserve Fund (hereafter referred to as the "Fund"), to be managed and administered in accordance with the following terms and conditions:

ARTICLE I

FUNDING

Section 1.01 - Initial Funding: The Fund shall be initially funded by the reserves that SCRFU has accumulated over the years. The monies in the Fund shall be maintained in a separate account under SCRFU's federal taxpayer identification number. The Fund account shall be managed and administered in accordance with the terms and conditions set forth below.

Section 1.02 - Subsequent Funding: On or about March 1 of each year, SCRFU shall deposit into the Fund account ten percent (10%) of its gross income. The Fund may solicit and receive donations in cash, or in any other form that the Fund's Trustees deem acceptable, from outside sources, which funds will be deposited into the Fund account to be managed and administered in accordance with the terms and conditions of this Agreement. Nothing in this Agreement shall preclude the Fund from subsequently acquiring a separate taxpayer identification number; provided, however, that such a separate existence shall only be permitted in connection with the Fund applying to be recognized as a charitable organization under Section 501(c) of the Internal Revenue Code, or any successor statute.

ARTICLE II

ACTIVITIES ELIGIBLE FOR FUNDING

Section 2.01 - SCRFU Projects: The Executive Committee of SCRFU can apply to the Fund's Trustees for a loan for the purchase or long-term (i.e., in excess of 20 years) lease of playing fields, clubhouses or related facilities. The Executive Committee may also apply to the Fund's Trustees for a loan to be used in connection with SCRFU's hosting of international test matches or national championship competitions.

Section 2.02 - Club Projects: Member clubs of SCRFU who are in good standing with SCRFU under its Constitution, Bylaws and Policies and Procedures may apply to the Fund's Trustees for loans of funds, in accordance with the terms set forth in Article III below, to assist in the purchase of playing fields, clubhouses and related facilities.

ARTICLE III

TERMS AND CONDITIONS OF RECEIVING FUNDING

Section 3.01 - Conditions of SCRFU Receiving Funding: If the SCRFU Executive Committee seeks funding to purchase or lease fields or facilities or to host international test matches or national championship competitions, the Executive Committee shall submit to the Fund's Trustees an application packet, the contents of which shall be determined by the Fund's Trustees, and a business plan with respect to the project for which the funding is sought. The materials submitted shall include the proposed terms of the loan.

Section 3.02 - Conditions of Clubs Receiving Funding: In order for a SCRFU member club to receive funding hereunder, the applying club must be a member of SCRFU in good

standing under SCRFU's Constitution, Bylaws and Policies and Procedures for at least five (5) years prior to the date the application is filed. The applying club must submit to the Fund's Trustees an application packet, the contents of which shall be determined by the Fund's Trustees, and a business plan with respect to the project for which the funding is sought. Subject to the loan limit of \$25,000 set forth in Section 3.02, below, the applying club must fund at least two-thirds (2/3) of the total estimated cost of the project for which funds are sought (e.g., if the total estimated project cost is \$60,000, the applying club must fund at least \$40,000 itself and is eligible to receive financing from the Fund of up to \$20,000).

Section 3.02 - Terms of Funding: Any loan from the Fund under this Agreement shall be in accordance with the following terms:

- (a) The maximum loan amount shall be \$25,000.00.
- (b) The maximum term of the loan shall be five (5) years; provided, however, that if no other applications are pending, that term can be extended upon approval of the Fund's Trustees.
- (c) The loan is callable, in the discretion of the Fund's Trustees, upon two years' written notice to the borrowing club.
- (d) The interest rate on the loan shall be negotiable at the discretion of the Trustees; provided, however, that two percent (2%) over the prime rate in existence at the time of approval of the applying club's application shall be used as a general guideline by the Trustees in determining an acceptable interest rate.
- (e) The loan shall be fully amortized over the repayment period and the Fund's Trustees shall provide the borrowing club with an amortization schedule depicting the amounts of principal and interest owing on the loan.
- (f) The loan can be fully or partially prepaid at any time without penalty. In the event of partial prepayment, any additional principal amounts paid to the Fund shall reduce the payments due at the end of the repayment period, as shown on the amortization schedule provided under subsection (d) above.
- (g) Any loan to a member club shall be personally guaranteed by at least five (5) individuals on behalf of that club, which guarantors shall be approved by the Fund's Trustees.
- (h) The applying club must pay any costs incurred by the Fund or SCRFU in connection with the loan, including any appraisal fees, inspection costs or legal costs so incurred.

ARTICLE IV

ADMINISTRATION OF FUND - MEETINGS OF TRUSTEES

Section 4.01 - Appointment of Trustees: The Fund shall be administered by a Board of seven (7) Trustees. Of the initial Board of Trustees, one (1) shall be appointed by the SCRFU Executive Committee and the remaining six (6) shall be elected by the member clubs at the September, 1997 Fall General Meeting, if the member clubs establish this Fund. The terms of the Trustees elected by the member clubs shall be for six (6) years, with the initial terms be staggered so that two (2) of the initial Trustees shall serve two (2) year terms, two shall serve four (4) year terms and two (2) shall serve six year terms. After the expiration of the foregoing initial terms, those Trustees shall be elected by the SCRFU Executive Committee at its September meeting every other year. The Trustee appointed by the SCRFU Executive Committee shall be appointed by the Executive Committee on an annual basis at the Executive Committee's September meeting. A vacancy in any Trustee position may be filled by the SCRFU Executive Committee.

Section 4.02 - Place of Meetings and Meetings by Telephone: Regular meetings of the Board of Directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the Board. Special meetings of the Board shall be held at any place within or outside the State of California that has been designated in the notice of the meeting. Any meeting, regular or special, may be held by telephone conference or similar communications equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at the meeting.

Section 4.03 - Annual Meeting: Immediately following the September meeting of SCRFU's Executive Committee, the Board of Trustees shall hold a regular meeting for the purpose of organization, any desired election of officers and the transaction of other business. Notice of this meeting shall not be required.

Section 4.04 - Other Regular Meetings: Other regular meetings of the Board of Trustees shall be held at such times as determined necessary by the Board of Trustees. All Trustees shall be provided notice of such meetings.

Section 4.05 - Special Meetings: Special meetings of the Board of Trustees for any purpose or purposes may be called at any time by the Chairman or Vice Chairman of the Board or the Secretary or any two voting Trustees.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each Trustee or sent by first-class mail or telegram, charges prepaid, addressed to each Trustee at that Trustee's address as it is shown on SCRFU's records, or as may have been given to SCRFU by the Trustee for purposes of notice, or, if such address is not shown on such records or is not readily ascertainable, at the place at which the meetings of the directors are regularly held. In case the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, or by telephone or telegram, it shall be delivered personally or by telephone or to the telegraph company at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the Trustee or

to a person at the office of the Trustee who the person giving the notice has reason to believe will promptly communicate it to the Trustee. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the location the Board has determined as its regular meeting place.

Section 4.06 - Quorum and Required Approval of Grants/Loans: Six (6) Trustees shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Trustees present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Trustees, subject to the provisions of Section 310 of the Corporations Code of California (as to approval of contracts or transactions in which a director has a direct or indirect material financial interest), Section 311 of that Code (as to appointment of committees), and Section 317(e) of that Code (as to indemnification of directors). A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. Notwithstanding the foregoing, the approval of any loan hereunder shall require the affirmative vote of at least two-thirds (2/3) of the Trustees then present at a meeting and no vote on a loan proposal shall be taken unless at least six (6) Trustees are present at the time of such vote.

Section 4.07 - Waiver of Notice: The transactions of any meeting of the Board of Trustees, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the Trustees not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the Fund's records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Trustee who attends the meeting without protesting before, or at its commencement, the lack of notice to that Trustee.

Section 4.08 - Action Without Meeting: Any action required or permitted to be taken by the Board of Trustees may be taken without a meeting, if all voting members of the Board individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Trustees. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 4.09 - Performance of Duties by Trustee: A Trustee shall perform the duties of a Trustee, including duties as a member of any committee of the Board upon which the Trustee may serve, in good faith, in a manner such Trustee believes to be in the best interests of the Fund and of SCRFU and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

ARTICLE V

OFFICERS

Section 5.01 - Officers: The officers of the Fund shall be a chairman of the board, a vice chairman, a secretary, and a chief financial officer. The Fund may also have, at the discretion of the Board of Trustees, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 5.03 below. Any number of officers may be held by the same person.

Section 5.02 - Election of Officers: The officers of the Fund, except such officers as may be appointed in accordance with the provisions of Section 5.03 below, shall be chosen by the Board of Trustees, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

Section 5.03 - Subordinate Officers: The Board of Trustees may appoint, and may empower the President to appoint, such other officers as the business of the Fund may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement or as the Board of Trustees may from time to time determine.

Section 5.04 - Removal and Resignation of Officers: Any officer may be removed, either with or without cause, by the Board of Trustees, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Trustees, by any officer upon whom such power of removal may be conferred by the Board of Trustees.

Any officer may resign at any time by giving written notice to the Board. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Fund under any contract to which the officer is a party.

Section 5.05 - Vacancies in Offices: A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in this Agreement for regular appointments to that office.

Section 5.06 - Chairman of the Board: The Chairman of the Board, if there be such an officer, shall, if present, preside at meetings of the Board of Trustees and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Trustees or prescribed by this Agreement. The Chairman of the Board shall in addition be the chief executive officer and general manager of the Fund and shall, subject to the control of the Board of Trustees, have general supervision, direction, and control of the business and the officers of the Fund.

Section 5.07 - Vice Chairman: In the absence or disability of the chairman, the vice chairman shall perform all the duties of the chairman, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the chairman. The vice chairman shall have such other powers and perform such other duties as from time to time may be prescribed the Board of Trustees and the chairman of the board.

Section 5.08 - Secretary: The Secretary shall keep or cause to be kept a book of minutes of all meetings and actions of the Board of Trustees or any committees thereof, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given and the names of those present at Board of Trustees' meetings.

The Secretary shall give, or cause to be given, notice of all meetings of the Board of Trustees and any committee thereof required by this Agreement or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board of Trustees.

Section 5.09 - Chief Financial Officer: The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Fund, including accounts of its assets, liabilities, receipts, disbursements, loans, gains and losses. The books of account shall at all reasonable times be open to inspection by any Trustee.

The Chief Financial Officer shall also serve as the "Treasurer" of the Fund. The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of the Fund with such depositaries as may be designated by the Board of Trustees and shall work with the SCRFU Treasurer to ensure consistent accounting between the Fund and SCRFU. The Chief Financial Officer shall disburse the funds of the Fund as may be ordered by the Board of Trustees, shall render to the Board, whenever it requests it, an account of all of his or her transactions as Chief Financial Officer and of the financial condition of the Fund, and shall have such other powers and perform such other duties as may be prescribed by the Board of Trustees.

ARTICLE VI

TRUSTEES' POWERS

In the administration of this Fund, the Trustees shall have all powers and authority necessary or available to carry out the purposes of the Fund, specifically including the following:

Section 6.01 - General Powers : The Trustees shall have the power to manage, control, grant options on, sell (for cash or on deferred payments, with or without security), convey, exchange, partition, divide, improve, and repair Fund property.

Section 6.02 - Investments : The Trustees shall have the power to invest and reinvest funds as the Trustees deem appropriate. The Trustees shall emphasize low-risk investments and in making such investments shall exercise the care under the circumstances then prevailing (specifically including, but not limited to, the general economic conditions and the purposes of the Fund), persons of skill, prudence, and diligence acting in a similar capacity and familiar with those matters would use in the conduct of an enterprise of a similar character and with similar

aims. The initial Board of Trustees shall establish an overall investment policy that formally sets forth the guidelines under which the Board shall invest the Fund's monies.

Section 6.03 - Securities : If the Board invests in any securities, the Trustees shall have all the rights, powers, and privileges of an owner of the securities held in trust, including, but not by way of limitation, the power to vote, give proxies, and pay assessments; to participate in voting trusts and pooling agreements; to enter into shareholders' agreements; to consent to foreclosures, reorganizations, consolidations, mergers, liquidations, sales, and leases, and, incident to any such actions, to deposit securities with, and transfer title to, any protective or other committee on such terms as the Board Trustee may deem advisable; and to exercise or sell stock subscriptions or conversion rights.

Section 6.04 - Power to Borrow and Encumber : The Trustees shall have the power to borrow money, and to encumber or hypothecate Fund property by mortgage, deed of trust, pledge, or otherwise, to secure the indebtedness of the trusts or the joint indebtedness of the trusts and a co-owner of trust property, including, without limitation, the power to establish and maintain any margin account or accounts with securities dealers or brokers.

Section 6.05 - Liability Insurance : The Trustees shall have the power to carry, at the expense of the Fund, insurance of such kinds and in such amounts as the Board deems advisable, both to protect the Fund against any damage or loss and to protect the Trustees against liability with respect to third persons.

Section 6.06 - Power to Loan Trust Funds : The Trustees shall have the power to loan or advance monies from the Fund in accordance with the terms of this Agreement and may receive security for such loans in the form of a guarantee, mortgage, pledge, deed of trust, or other encumbrance of any assets the Board deems acceptable.

Section 6.07 - Litigation : The Trustees shall have the power to commence or defend such litigation with respect to the Fund or its property, at the expense of the Fund, as the Trustees may deem advisable.

Section 6.08 - Power to Adjust Claims : The Trustees shall have the power to compromise, submit to arbitration, abandon, or otherwise adjust any claims or litigation against or in favor of the Fund.

Section 6.09 - Fiduciary Capacity : All of the powers of the Trustees provided in this Agreement shall be exercisable by the Trustees in Trustees' fiduciary capacities.

Section 6.10 - Advisors : The Trustees are expressly authorized to employ any custodian, attorney, accountant, or financial advisor, or any other agent or agents to assist the Trustees in the administration of the Fund and to rely on the advice given by these agents; and reasonable compensation for all services performed by these agents shall be paid from the Fund.

ARTICLE VII

ACCOUNTING

The Trustees shall render an accounting of their transactions to the SCRFU Executive Committee at the SCRFU Annual General Meeting in June of each year. If no exceptions or objections are received by the Board of Trustees within thirty (30) days of presentation of the annual accounting, the accounting is deemed approved and the Trustees will be released with respect to all matters and things set forth in that accounting.

ARTICLE VIII

LIABILITY OF TRUSTEES

No Trustee shall be answerable for loss in investments made in good faith. No Trustee shall be liable for the acts or omissions of any other Trustee, or any accountant, agent, counsel or custodian selected with reasonable care. Each Trustee shall be fully protected in acting upon any instrument, certificate or paper, believed by him or her to be genuine and to be signed or presented by the proper person or persons, and no Trustee shall be under any duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements. The Trustees shall serve without bond and each Trustee shall serve without compensation, although any expenses incurred by a Trustee in the administration of the Fund shall be reimbursed by the Fund.

ARTICLE IX

AMENDMENT & TERMINATION

This Agreement may only be amended or terminated by the affirmative vote of at least eighty percent (80%) of the clubs attending the SCRFU Annual General Meeting. Any proposal to amend this Agreement shall be submitted in writing to the SCRFU clubs for consideration and vote at the Annual General Meeting.

ARTICLE X

GOVERNING LAW

This Agreement and the management and administration of the Fund shall be governed by the Laws of the State of California.

WHEREFORE, this Agreement was approved and adopted by the Southern California Rugby Football Union, a non-profit public benefit corporation, on September 13, 1997.
