

## Letter of Understanding

1. The current agreement between APS and AMC (dated May 2009) remains in effect.
2. APS desires to work with AMC Executive Director, Cathy Underwood, so that APS is the only client organization she serves.
3. AMC agrees to transition Cathy Underwood's workload and client assignments so that in the future, APS is the only client organization she serves. This transition will be accomplished in 2 phases. By the end of 2012, Cathy will be working 70% of her billable time on APS. By the end of 2013, Cathy will be working 100% of her billable time on APS.
4. It is anticipated that Cathy's increased involvement with APS will, among other things, generate additional/increased revenue sources for APS.
5. To compensate AMC for Cathy's increased work and attention with APS, the AMC Management Fee for 2012 will be increased by \$50,000 over the amount approved in the 2012 APS budget. For 2013, an additional \$150,000 will be added to the budget the board approves for the AMC Management Fee. This increase for 2013 is independent of any increase/decrease in other components of the AMC Management Fee related to budgeted hours for other staff.
6. The increases for 2012 and 2013 of \$50,000 and \$150,000 will be accumulated and deferred until such time as APS has net income (exclusive of investment performance) in excess of budgeted net income to pay the deferred fee. See the table that follows for examples.
7. During 2012 and 2013 paragraph 2(e) of the current agreement between APS and AMC will not be in effect.

*Approved by APS Executive Committee  
on January 5<sup>th</sup>, 2012*

*S. Savage, May 31, 2013  
Saddan R. Savage, APS President  
May 2010 - May 2012*

<b>2012</b>	<b>Outcome 1</b>	<b>Outcome 2</b>	<b>Outcome 3</b>	<b>Outcome 4</b>
Budgeted Net Income	16,606	16,606	16,606	16,606
Actual Net Income	15,555	22,100	82,500	82,500
Available to pay down deferral	-	5,494	65,894	65,894
Beginning Deferral balance	50,000	50,000	50,000	50,000
Paydown	-	5,494	50,000	50,000
Ending Deferral balance	50,000	44,506	-	-

<b>2013</b>				
Budgeted Net Income	25,250	25,250	25,250	25,250
Actual Net Income	15,555	32,100	82,500	175,550
Available to pay down deferral	-	6,850	57,250	150,300
Beginning Deferral balance	200,000	194,506	150,000	150,000
Paydown	-	6,850	57,250	150,000
Ending Deferral balance	200,000	187,656	92,750	-

*Savage, May 31, 2013*