

**VALLEY ROCK FOUNDATION  
SETTLEMENT AGREEMENT**

**I. PARTIES**

This settlement agreement (hereinafter referred to as “Settlement Agreement”) is entered into by, between and among the following parties: the People of the State of California (the People), by and through Rob Bonta, the Attorney General of the State of California (Attorney General), the Valley Rock Foundation (Foundation), a Delaware public benefit corporation, and board director Robert White (Mr. White) and board director Celeste K. White (Mrs. White). Mr. White and Mrs. White are collectively referred to as “Foundation Directors.” The Foundation, Mr. White, and Mrs. White are collectively referred to as “Foundation Parties.” The People, the Attorney General, and the Foundation Parties shall collectively be referred to as the “Parties.”

**II. RECITALS**

**A.** On or about October 26, 2001, the Foundation was formed as the Edward A. Keith Foundation, a California nonprofit public benefit corporation (Keith Foundation). In or about 2009, the Foundation Directors formed a Delaware nonprofit public benefit corporation, the Bar 49 Foundation. In or about 2010, the Keith Foundation was merged into the Bar 49 Foundation.

**B.** In or about 2013, the Bar 49 Foundation changed its name to the Valley Rock Foundation. The Foundation is a Delaware nonprofit public benefit corporation whose assets are, and were at all times relevant herein, impressed with a charitable trust.

**C.** The Attorney General has the duty to supervise charitable organizations under California Corporations Code section 5250 and Government Code sections 12580 through 12599.8. As part of this duty, the Attorney General initiated an audit of the Foundation in July 2018 questioning whether the Foundation Parties met their fiduciary duty and duty of loyalty in the use and expenditure of Foundation assets. The Foundation, Mr. White, and Mrs. White deny and do not admit any wrongdoing, fault, violation, liability, or questions considered by the Attorney General.

**D.** The Parties, each of whom desires to avoid the expense, uncertainty, and inconvenience of litigation or other administrative action, agree to resolve this matter upon the facts, terms, and conditions stated herein.

### III. SETTLEMENT TERMS

#### A. General Provisions

1. The People, on the one hand, and the Foundation Parties, on the other hand, shall release and discharge each other from all claims, known or unknown, that relate to or arise from the Attorney General's audit, initiated July 2018, of the Foundation Parties' transactions with, and governance of the Foundation, from October 26, 2001, to the date of execution of this Settlement Agreement. This release is a specific release and, therefore, outside the scope of Civil Code section 1542. This release and discharge shall not be construed to limit or prevent any party's ability to enforce the terms of this Settlement Agreement. The Parties hereby represent and warrant that they understand the effect of this provision, and that each was offered the opportunity to seek legal counsel for advice concerning this Settlement Agreement.

2. This Settlement Agreement, and the release and discharge set forth herein, is binding on the Parties, their predecessors, successors, heirs, employees, officers, agents, beneficiaries, and assigns. The release and discharge in this Settlement Agreement shall not be construed to limit or prevent any Party's ability to enforce the terms of this Settlement Agreement.

3. This Settlement Agreement shall not constitute an admission or finding of any wrongdoing, fault, violation of law, or liability of any of the Foundation Parties. Neither shall it be deemed or interpreted as an admission of the existence or non-existence of any fact.

4. This Settlement Agreement contains the entire agreement and understanding among the Parties concerning the subject matter of the Attorney General's investigation and supersedes all other agreements of any kind concerning the subject matter of the investigation. Each of the undersigned warrants that no promise or inducement has been offered to them except as set forth herein and that the Settlement Agreement is executed without reliance upon any statement or representation by any persons or parties, or their representatives, concerning the nature and extent of injuries, damages, and/or legal liability herein.

5. Each of the Foundation Parties acknowledges that he, she, or it has read the entire Settlement Agreement and understands its content and, in addition, has had an opportunity to discuss the content with an attorney and make whatever investigation or inquiry that party may deem necessary or desirable in connection with the subject matter of the Settlement Agreement.

6. Each of the Foundation Parties warrants that he, she or it is legally competent to execute this Settlement Agreement. Any person executing this Settlement Agreement on behalf of any of the Foundation Parties does hereby personally represent and warrant that he/she/it has the authority to execute this Settlement Agreement on behalf of, and to fully bind, that party.

7. This Settlement Agreement is a product of bargained-for, arms-length negotiations among all parties and their counsel. No party shall be considered the author of this Settlement Agreement.

8. This Settlement Agreement and all rights and obligations arising out of it shall be governed and construed in accordance with the laws of the State of California, including, as applicable, California's choice of law rules regarding foreign corporations.

9. This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one Settlement Agreement, binding all parties hereto. All original signatures shall be delivered to Deputy Attorney General Christopher Lamerdin, Office of the Attorney General, 455 Golden Gate Avenue, San Francisco, CA 94102.

## **B. Nonmonetary Terms**

**1. Independent Director.** As decided by the Foundation Directors, one of the Foundation Directors shall resign as of the date the Settlement Agreement is signed by all Parties (the "Effective Date"). No later than ten days after the Effective Date, the Foundation will appoint a director of Westmont College in Santa Barbara, California, to serve as an independent board director (Independent Director) who shall be subject to approval by the Attorney General. If Westmont College is not then in existence, then the Foundation will appoint a professional fiduciary approved by the Attorney General. Upon appointment of the Independent Director, the Foundation will have two directors: the remaining Foundation Director and the Independent Director. The Independent Director may only be removed at the discretion of the Attorney General. In the event of such removal, the Attorney General shall retain sole authority to appoint a replacement independent director.

**2. Director Compensation.** The remaining Foundation Director and the newly appointed director from Westmont College shall not be entitled to compensation from the Effective Date until dissolution of the Foundation.

**3. Asset Disposition.** The Foundation Directors shall not make personal use of the assets held by the Foundation, including but not limited to real estate assets, for any reason prior to the sale or donation of those assets and dissolution of the Foundation.

### **4. Foundation Dissolution.**

**a.** The Foundation will wind up and dissolve. The Foundation shall complete its winding-up and dissolution process within 90 days after completion of the distribution of the grants set forth in Section III, Subsection B. 5 (Remaining Grants) of the Settlement Agreement (Dissolution Date). Except that, to the extent that any litigation pertaining

to the Foundation remains as of the Dissolution Date, the new Dissolution Date shall be no later than 60 days after termination of the litigation to allow for receipt and payment of expenses related to the Foundation's dissolution. Any modification to this schedule may be requested jointly by the remaining Foundation Director and the Independent Director to the Attorney General's Office, and may only be implemented with express written approval of the Attorney General's Office. The winding up and dissolution of the Foundation shall be in accordance with California Corporations Code sections 6610, *et seq.*, and 6710, *et seq.* Within thirty (30) days of completing dissolution, the Foundation must provide the Registry of Charities and Fundraisers with a letter requesting the withdrawal of its registration and a statement that the corporation no longer has assets remaining in California, and will not be soliciting donations from California residents or doing business or providing any services directed at California. This letter shall be signed by both the remaining Foundation Director and the Independent Director, and shall include a balance sheet for the last three years of activity, a statement showing the disposition of assets and/or asset recipient information; and any documents showing restrictions on the use of assets to be distributed.

b. Upon the Dissolution Date of the Foundation, and subject to the terms of this Agreement, any assets remaining in the Foundation (including after provision for payment of proper claims and expenses of administration, if any) shall be distributed to Westmont College. Proper claims and expenses of administration include payment of attorney's fees for the Foundation, accountant fees, rent, utilities, insurance, and office supplies for the Foundation. An accounting of assets, income, and expenses will be provided by the Foundation to the Attorney General within thirty (30) days of the Effective Date of the Settlement Agreement.

c. Other than the distribution of remaining assets and payment of proper claims and expenses of administration identified in Section III.B.4.b above (Foundation Dissolution) and payment of the Remaining Grants described in Section III.B.5 below, the Foundation shall not make any other expenditures over \$1,000 after the Execution Date without prior written notice to the Attorney General. Prior written notice for purposes of this provision shall mean no less than five business days before the expenditure is made.

**5. Remaining Grants.** Subject to the time limits set forth in Section III.B.4.a above (Foundation Dissolution), the Foundation shall be permitted to make grants to the listed organizations for the purpose of supporting the stated projects in 2024 as set forth herein. The Remaining Grants must be distributed and completed within sixty (60) days of the appointment of the Independent Director referenced in Section III.B.1 (Independent Director).

a. **Yountville Elementary School.** Grants totaling up to \$1 million towards the re-development of the old Yountville Elementary School campus site at 6554 Yount Street, Yountville, California, for community-use purposes. In the event the re-development project does not occur by the dissolution date of the Foundation, as set forth in Section III.B.4.a, the funds shall be payable to ImpactAssets Inc., (Registry of Charities and Fundraisers Registration Number CT0158493, federal tax EIN 26 2 48480) ("ImpactAssets") in a donor-

advised fund restricted to the stated purpose of the Foundation set forth in the Foundation's Restated Articles of Incorporation dated June 18, 2002 ("The purposes of this Corporation is to obtain or provide Financial, Recreational, Educational, and other Assistance for physically, emotionally and economically disadvantaged Youth, Children, and other individuals in need."). Any funds payable to ImpactAssets will be ultimately donated to recipients located in California.

**b. New Harvest Community Church.** A grant of \$4 million for facilities rehabilitation (and related projects) of the New Harvest Community Church (now known as the St. Helena Community Church) at 1343 Spring Street, St. Helena, California.

**c. Calistoga Community Church.** A grant of \$2 million to the First Baptist Church of Calistoga at 1310 Berry Street, Calistoga, California. The church is also commonly known as the Calistoga Community Church.

**d. Westmont College.** A grant of \$3 million to Westmont College for the renovation of campus facility buildings at the college's Westmont Downtown Grotenuis Nursing Campus at 26 and 29 W. Anapamu Street, Santa Barbara, California.

**6. Reports to the Attorney General.** The Foundation shall provide the Attorney General with status reports regarding its operations on a monthly basis prior to the Dissolution Date. These status reports shall include a general ledger or other statement of the Foundation's receipts and disbursements during that calendar month (except as to any payment of attorney's fees for the Foundation identified in Section III.B.4.b above (Foundation Dissolution)), a statement of the Foundation's assets and liabilities, and a report on the status of each of the remaining grants described in Section III.B.5 (Remaining Grants.) Nothing in this Settlement Agreement shall relieve the Foundation of any reporting obligations imposed on it by law.

#### **IV. MONETARY TERMS**

**A.** The Foundation Directors agree to pay the amounts set forth herein and as follows to ImpactAssets except as otherwise specified below. Any funds payable to ImpactAssets will be ultimately donated to recipients located in California.

**1.** The first payment shall be \$382,524, and shall be made within 30 days of the Effective Date. Of this amount, \$232,524 shall be payable to ImpactAssets Inc., in a donor-advised fund restricted to the stated purpose of the Foundation set forth in the Foundation's Restated Articles of Incorporation dated June 18, 2002 ("The purposes of this Corporation is to obtain or provide Financial, Recreational, Educational, and other Assistance for physically, emotionally and economically disadvantaged Youth, Children, and other individuals in need."). \$150,000 shall be payable to the Attorney General for reimbursement of investigation costs and fees. (Gov. Code, §§ 12586.2, 12598.) This payment of \$150,000 and all accrued interest related to this payment shall be used by the Department of Justice solely for the administration of the

Attorney General's charitable trusts enforcement responsibilities pursuant to Government Code section 12586.2.

2. The second payment of \$382,524 shall be made by December 31, 2024 and payable to ImpactAssets Inc and shall be restricted to the stated purpose of the Foundation set forth in the Foundation's Restated Articles of Incorporation dated June 18, 2002 ("The purposes of this Corporation is to obtain or provide Financial, Recreational, Educational, and other Assistance for physically, emotionally and economically disadvantaged Youth, Children, and other individuals in need.")...

3. The third payment of \$382,523 shall be made by April 30, 2025 and payable to ImpactAssets Inc restricted to the stated purpose of the Foundation set forth in the Foundation's Restated Articles of Incorporation dated June 18, 2002 ("The purposes of this Corporation is to obtain or provide Financial, Recreational, Educational, and other Assistance for physically, emotionally and economically disadvantaged Youth, Children, and other individuals in need.")...

4. Any of the payments described in paragraph 1 through 3 above that are not timely paid will be subject to interest at the rate of 10 percent per annum.

B. All notices and payments made under this Settlement Agreement shall be forwarded to the Attorney General to the attention of Deputy Attorney General Christopher Lamerdin by both email (christopher.lamerdin@doj.ca.gov) and U.S. mail (455 Golden Gate Avenue, Suite 11000, San Francisco, CA 94102).

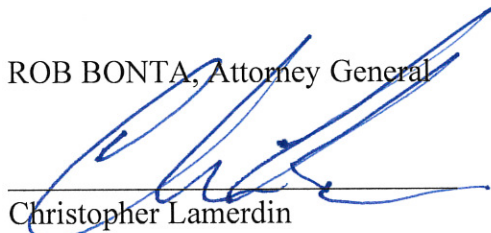
IT IS SO AGREED.

DATE:

9/25/24

By:

ROB BONTA, Attorney General

  
Christopher Lamerdin  
Deputy Attorney General

THE VALLEY ROCK FOUNDATION

DATE: \_\_\_\_\_

By: \_\_\_\_\_

Celeste K. White  
Director

Attorney General's charitable trusts enforcement responsibilities pursuant to Government Code section 12586.2.

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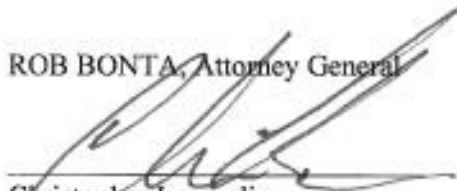
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DATE: 9/25/24

ROB BONTA, Attorney General

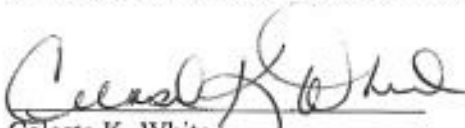
By:

  
Christopher Lamerdin  
Deputy Attorney General

DATE: 1/9/25

THE VALLEY ROCK FOUNDATION

By:

  
Celeste K. White  
Director

DATE: 1/9/25

By: Robert A. White  
Robert White  
Director

DATE: 01/13/2025

DLA PIPER LLP  
By: [Signature]  
Jeff [Name]  
Attorneys for the Valley Rock Foundation,  
Celeste White, and Robert White