DATED: 2004

HEADS OF AGREEMENT

BETWEEN

THE STATE OF SOUTH AUSTRALIA

- AND -

CARNEGIE MELLON

AND -

iCARNEGIE

CROWN SOLICITOR
ING House, 45 Pirie Street
ADELAIDE SA 5000
HEADS OF AGREEMENT dated 2004

BETWEEN:

THE STATE OF SOUTH AUSTRALIA acting through the Premier of South Australia of 200 Victoria Square, Adelaide, South Australia ("Premier")

AND

CARNEGIE MELLON of 5000 Forbes Avenue, Pittsburgh, Pennsylvania, United States of America ("Carnegie Mellon")

AND

iCARNEGIE of 4615 Forbes Avenue, Pittsburgh, Pennsylvania, United States of America ("iCarnegie")

RECITALS:

A. The parties have held discussions in the context of a collective desire to establish an eminent 'private university' on land in Adelaide, South Australia. The planned university, following on a successful collaboration between iCarnegie and the Adelaide Institute of TAFE, expects to initially deliver programs in disciplines including Science (particularly information technology and computer science), Business (with a focus on international commerce, securities and trade), Public Policy and Government (including a number of Heinz School Master's programs) and Defence.

B. The parties intend to continue to work collaboratively during a more detailed feasibility study towards the establishment of this university and wish to formally record the understanding and agreement reached to date.

C. The parties intend to give effect to this Heads of Agreement ("HoA") but acknowledge that it does not create and must not be construed as creating a legally

...
binding and enforceable contract or otherwise to create legal obligations between the parties.

AGREEMENT

1. ESTABLISHMENT OF THE UNIVERSITY

It is the intention:

1.1 to collaborate in the establishment of a privately owned university ("the University") in Adelaide

1.2 the University will be a body corporate in which Carnegie Mellon and iCarnegie, if possible and if each deems desirable, will own shares

1.3 that the Government of South Australia will contribute financially, legislatively and in-kind to the establishment of the University

1.4 the Government of South Australia will not own shares in the University

1.5 the University will cater for undergraduate, postgraduate and research students and will open at the commencement of the 2006 academic year.

2. ACKNOWLEDGEMENT

The parties acknowledge that this HoA does not create and must not be construed as creating a legally binding and enforceable contract or otherwise to create legal obligations between the parties.

3. TERM

This HoA shall commence on the date of its execution and shall continue until terminated by agreement between the parties.

4. AIMS OF THE UNIVERSITY

The University will serve as an international focal point for the enhancement of Adelaide as a destination for achieving quality internationally recognised degrees and research. These degrees and research areas will be consistent with objectives
outlined in the South Australian Government's State Strategic Plan ("State Plan"). In particular, it is the intention of the parties that the University will:

4.1 contribute significantly to SA’s market share of international students [Objective 1, Growing Prosperity, Share of Overseas Students. State Strategic Plan, March 2004];

4.2 see a contemporary, economically-driven, suite of higher education courses available in Adelaide;

4.3 support a higher education faculty which is increasingly responsive, in orientation and speed, to economic and intellectual development priorities;

4.4 enhance South Australia's appeal to established and start-up industry in selected fields through providing workforce development, educational opportunities and cooperative R&D;

4.5 enhance local and regional capabilities in public administration;

4.6 enhance the state's reputation for cultural and intellectual leadership; and

4.7 increase the state's participation in the knowledge economy.

5. UNIVERSITY GOVERNANCE

5.1 The parties agree to establish a formal university governance framework which will include the establishment of a university board to be known as the University Board ("Board"). The membership of the Board will reflect the proportional ownership of the body corporate.

5.2 The Board will:

5.2.1 set overall strategy and direction;

5.2.2 be responsible for the operation of the University - through a chief executive and executive management;

5.2.3 so far as possible be constituted of persons with a balance of expertise in academia, business, government and international relations; and

5.2.4 be of a size that supports efficient operation.
5.3 There will be a constitution for the body corporate in accordance with the requirements of the relevant law. The University will otherwise be established in accordance with applicable State and Federal laws.

6. COUNCIL OF TRUSTEES

6.1 The parties agree to establish a Council of eminent persons nominated by the South Australian Government and Carnegie Mellon and iCarnegie. To be known as the Council of Trustees ("Council"), the chairperson of the Council shall be a nominee of the Premier.

6.2 The Council will:

6.2.1 provide counsel and advice to the University;
6.2.2 act as an advocate to the outside world;
6.2.3 work to develop a unique sense of spirit, culture, ethos and purpose;
6.2.4 seek to positively influence the University’s reputation;
6.2.5 support the objectives of the State Plan, so far as the objectives are relevant;
6.2.6 include nominees of Carnegie Mellon and iCarnegie; and
6.2.7 act in other ways, including fundraising, which supports the University’s goals and ambitions.

7. COMMITMENTS

7.1 The University will be an Australian entity.

7.2 The University will be an Australian institution and will grant its own degrees in selected areas.

7.3 Carnegie Mellon will offer selected (US) Carnegie Mellon professional Master’s degrees to be delivered at the University. In addition, as part of a feasibility analysis, the parties will explore Carnegie Mellon undergraduate exchange programs and degrees, executive education short courses, certificates etc.

7.4 The University will contract with iCarnegie to obtain consultancy services to ensure that it complies with Carnegie Mellon’s standards. The consultancy
services will include standards for the quality of students, faculty, programs, and university operations.

7.5 The parties intend to establish a branch of the Heinz School, managed from Pittsburgh, but hosted by the University. This branch would offer Master’s degree programs as well as Executive Education programs.

8. GENERAL

8.1 Any costs incurred by the parties as a consequence of this HoA must be borne by the party incurring those costs unless otherwise agreed in writing.

8.2 The parties will formally record their further agreement relating to the establishment and operation of the University as such agreement is reached.

8.3 The parties may review and vary the terms of this HoA by agreement at any time during its operation. Any such variation shall be made in writing and signed by both parties.
EXECUTED AS A HEADS OF AGREEMENT

SIGNED BY the PREMIER
OF SOUTH AUSTRALIA as agent for and on behalf of the Crown in
right of the State of South Australia)

Witness (Signature) Mike Raw
(Print name) 

THE COMMON SEAL of CARNEGIE
MELLON was hereunto

affixed in the presence of:

Witness (Signature) 
(Print name & Position) 

THE COMMON SEAL of iCARNEGIE
was hereunto

affixed in the presence of:

Witness (Signature) 
(Print name & Position) Allan L. Fisher, CEO

29 October 2004
PITTSBURGH