

MEMORANDUM OF AGREEMENT

Agreement made this 7th day of December, 2012, by and between T.O.P. LOCAL 2110 UAW – AFL-CIO (the “Union”) and TECHNICAL CAREER INSTITUTES, INC. (“TCI”). This Agreement amends: (A) the collective bargaining agreement between the parties covering a unit of instructors, laboratory technicians and maintenance employees; and (B) the collective bargaining agreement between the parties covering a unit of office clerical employees. Both agreements, which by their terms went into effect on October 10, 2010, and were scheduled to expire on October 9, 2013, are hereby extended through October 9, 2015, with the following modifications:

1. Wages. As agreed pursuant to a Memorandum of Agreement dated November 15, 2012 (the “November 2012 Memorandum”), the \$20.00 increase scheduled for October 10, 2012, will not be implemented through December 31, 2012. The suspension of this increase will be continued from January 1, 2013 through October 9, 2015. Pay increases will continue to be granted to employees who receive advanced degrees and certificates as provided in the collective bargaining agreements. Management and non-bargaining unit employees shall receive no raises, bonus, enhanced or additional compensation unless and until the distributions set forth in Section 5 of the November 2012 Memorandum have been made in full. Even after the obligations under the preceding sentence have been met, non-union personnel shall not receive raises, bonuses, enhanced or additional compensation prior to October 10, 2015 unless a similar increase is granted to the employees who are represented by the Union (*e.g.*, if non-unit employees receive a 3% increase union employees will receive a 3% increase). Pay increases granted to union and/or non-union employees for bona fide promotions or as a result of a material increase in an employee’s job responsibilities, or in isolated, one-off circumstances, will not trigger any obligation to grant raises to other employees. In such isolated, one-off instances, TCI shall inform the Labor/Management Committee prior to implementing such action.
2. Overmax. The faculty collective bargaining agreement has a limitation on the number of students allowed in certain classes, and provides for payments when these numbers are exceeded. These overmax provisions will be suspended through October 9, 2015, provided however, if the overmax in an individual class exceeds ten students post purge, the instructor of such class will be entitled to overmax compensation with respect to such class.
3. 401(k) Savings Plan. The suspension of TCI’s 401(k) matching contributions under the terms of the November 2012 Memorandum shall be continued from January 1, 2013 through October 15, 2015.
4. Personal Days. For the period of January 1, 2013 through October 9, 2015, personal days shall be reduced by the following number of days: four days for day faculty, tutors, technicians and maintenance employees; three days for clerical staff; and two days for evening faculty.
5. Administrative Days. For the period of January 1, 2013 through October 9, 2015, administrative days for clericals shall be reduced by one day.
6. Tuition Reimbursement. For the period of January 1, 2013 through October 9, 2015, tuition reimbursement will be suspended. Any funds remaining from the 2012 tuition reimbursement pool shall be recouped pursuant to Paragraph 16 of this Agreement.
7. Longevity Increases. The agreed suspension of longevity increases under the terms of the November 2012 Memorandum shall be continued through October 9, 2015.

8. Sick Pay. For the period of January 1, 2013 through October 9, 2015, there will be no pay-out for unused sick leave during or at the end of each year. Any unused sick leave will not be carried over or added to any bank of sick days for future use. An employee who is presently entitled to receipt of payment for all or a portion of their existing bank of sick days upon termination of employment shall remain eligible for such payment under the terms of the applicable collective bargaining agreement.

9. Holidays. For the period of January 1, 2013 through October 9, 2015, Columbus Day and President's Day will not be holidays.

10. Vacations/Furlough Days. For the period of January 1, 2013 through October 9, 2015, all full-time employees will forego three paid vacation days in exchange for three unpaid furlough days. Part-time adjuncts shall have their vacation entitlement reduced commensurately. Furlough days may not be carried over and must be scheduled and used within the year. It is understood that day faculty will schedule furlough days during their paid breaks, e.g., intersession, Winter Break, etc.

11. Arbitrations. Commencing January 1, 2013, to avoid paying the administrative fees associated with the use of arbitrators provided by the American Arbitration Association (the "AAA"), the parties have agreed to use the following list of arbitrators on an alphabetical, rotating basis: Howard Edelman, Marlene Gold and Martin Scheinman. Arbitrations will be held at TCI or its counsel's office, or at the Union premises, or its counsel's office, at no charge to either party. Parties will not use a court reporter unless they both agree to do so, and agree to split the cost. Parties will not use more than one outside attorney at a hearing at one time, except by mutual agreement. This provision will not apply to any arbitration that is currently pending at the AAA where the hearing has already commenced.

12. Union Representation On The TCI Board. For the period January 1, 2013, through the date the aggregate monetary value arising from the implementation of Items 1-10 shall have been repaid in full, notwithstanding the expiration of this Agreement, one representative designated by the Union shall be appointed to the TCI Board. This representative shall be a voting member, and shall sign the same Confidentiality and Fiduciary Responsibility Agreement that all other voting members of the TCI Board are required to sign. The choice of a Union representative is subject to approval by the Board, which shall not unreasonably be withheld. It is understood that the Union-appointed Board representative may be excluded from Board discussion of pending grievances/arbitrations, bargaining strategy, and matters where TCI and the Union interests are in conflict.

13. Financial Information. For the period January 1, 2013 through the date on which the aggregate monetary value arising from the implementation of Items 1-10 shall have been repaid in full, notwithstanding the expiration of this Agreement, TCI timely will provide the Union with the following information:

- (a) Approved annual budgets and any approved revisions to such budgets, which shall be transmitted within one week after such budgets or revisions are approved; and
- (b) On a quarterly basis, beginning with the quarter ending December 31, 2012, the Union shall be provided financial reports for TCI, which shall include actual income and expenses, for the preceding quarter including a statement of budget variance; and
- (c) TCI agrees to provide the Union with the names, salaries or other remuneration, dates of employment and work responsibilities of all non-collective bargaining employees

as well as, but not limited to, consultants, independent contractors and non-collective bargaining unit temporary workers. TCI shall also report all changes in positions, whether promotional, demotional or lateral, of all non-collective bargaining unit employees. A report of this information shall be provided to the Union on a quarterly basis.

Information provided pursuant to this item will be provided pursuant to the confidentiality agreement executed on ___ and the Union shall control dissemination of such information to a limited number of people, all of whom shall be required to sign such confidentiality agreement.

14. Notice of Meetings. Commencing January 1, 2013, TCI will provide contemporaneous notice to the Union of meetings of the Strategic Planning and Curriculum Committees, and will furnish contemporaneously a copy of the agenda of such committees. TCI shall also provide the Union with the minutes of the meetings of these committees.

15. Labor/Management Committee. Commencing January 1, 2013, a consultative Labor/Management Committee will be formed. The Committee will initially meet once a month, and no less than quarterly thereafter, to discuss important academic, administrative and financial matters. The Union may designate up to four members to serve on this committee, one of whom shall be responsible for proposing the meeting agendas for the committee. TCI may also call a meeting of the Committee, and provide an agenda for such meeting. An initial meeting of the Committee to discuss suspension of the Accounting, Electronic Security, Computer Software Technology and Robotics programs will be held no later than March 1, 2013.

16. Recoupment of Concessions. The monetary value attributable to each employee on the TCI payroll in a union position on the date of ratification of the Agreement and each employee with seniority rights as of the date of ratification of the Agreement who is not on the payroll on the ratification date but subsequently returns to TCI will be tabulated and the aggregate monetary value attributable to all union employees will be added together to determine the total monetary value arising from the implementation of the modifications listed in Items 1-10. The aggregate monetary value attributable to all union employees will be used to determine the percentage of the aggregate monetary value that each individual union employee's monetary value represents (the "Individual Employee's Pro-Rata Percentage"). In determining the monetary value attributable to each employee, credit will be given for value that such employee would have received but for the implementation of the provisions of Items 1-10 of this agreement. Attached to this Memorandum of Agreement as Schedule 1 is an explanation of how the monetary value of each of Items 1-10 is determined and how each union Individual Employee's Pro-Rata Percentage is determined.

Once determined, the aggregate monetary value attributable to all union employees will be compared to the amount of the then existing holder's investment in EVCI's (TCI's parent company) preferred stock Series A, B and C. For purposes hereof, the holder's investment in such preferred stock at any time is deemed to be \$20,581,780 minus any redemptions hereafter received by any holder plus any cash investment hereafter made by any holder plus the amount of \$10,167 per month (prorated for any partial month) which reflects all holder's agreement to reduce a contractual fee presently payable by EVCI to such holder during the period of January 1, 2013 through October 9, 2015. The comparison of the aggregate monetary value of all union employees to the holder's investment in EVCI's preferred stock, Series A, B and C, shall result in a sharing ratio (the "Sharing Ratio") based on the relative investment by the parties.

If at any time, EVCI redeems any of the Series A, B or C preferred stock, TCI will make a payment to all union employees in the aggregate an amount equal to the Sharing Ratio multiplied by the amount of the preferred stock redemption. The amount payable pursuant to the immediately preceding sentence will be divided among the union employees in each Individual Employee's Pro-Rata Percentage.

An employee who voluntarily leaves the employ of TCI will participate in any redemption related to the last full calendar year in which the employee was employed by TCI, but in no subsequent redemptions. All other employees, including those who retire, are terminated, are laid-off or are on an approved leave (e.g., disability, FMLA, military, etc.) shall participate in all redemptions. In the event an employee dies during the course of the agreement, the deceased's estate shall be eligible for any redemptions that would have been due the employee.


The provisions of this Item 16 shall continue in force until such time as the aggregate monetary value arising from the implementation of Items 1-10 shall have been repaid in full, notwithstanding the expiration of this Agreement.

17. Resolution of Grievances. The parties will each appoint a small committee to meet in a formal effort to resolve pending grievances where arbitrations have not yet commenced.

18. Accounting to Union. Any computations done by TCI pursuant to this agreement shall be shared with the Union for review prior to implementation, and in no event later than thirty (30) days after they are made.

T.O.P. LOCAL 2110, UAW,
AFL-CIO

TECHNICAL CAREER INSTITUTES,
INC.



Lynn B. Field

Blaney

Kanneth Jacobs

Alexandra Rogers

Dylan King

Pam Ball

Miss Kaminine

Carter

Carter



Wilbur



H. Moore

Michael C. ...

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Scott ...

Schedule 1

DETERMINING THE MONETARY VALUE ATTRIBUTABLE TO EACH UNION EMPLOYEE ELIGIBLE PURSUANT TO THE TERMS OF THIS AGREEMENT

Item 1 – Wages – For each union employee, the amount is determined by adding the incremental wage that would have been received but for the suspension of the \$20 raise on October 10, 2012

Item 2 – Overmax – For each instructor, the amount is determined by computing the overmax compensation that would have been payable but for the suspension of overmax payments.

Item 3 – 401(k) Saving Plan – For each union employee, the amount is determined by computing the TCI matching contribution which would have been payable based on such employee's future contributions to the 401(k) plan but for the suspension of the TCI matching contribution requirement.

Item 4 – Personal Days – For each union employee, the amount is determined by adding one day's base salary for each personal day foregone.

Item 5 – Administrative Days – For each union employee, the amount is determined by adding one day's base salary for each personal day foregone.

Item 6 – Tuition Reimbursement – For each union employee who takes courses that would normally be eligible for reimbursement, the amount is determined by computing the amount of reimbursement that would have been payable to such employee but for the suspension of tuition reimbursement. To the extent that funds remain in the Tuition Reimbursement Pool after funds have been disbursed to employees who would have qualified for these funds but for the suspension of tuition reimbursement, for each union employee, an amount equal to what would have been allocated to the Tuition Reimbursement Pool but for the suspension of tuition reimbursement, less what has been disbursed to employees who took reimbursement eligible courses while reimbursement was suspended, divided by the total number of eligible employees pursuant to 16 shall be attributed to such employees. Amounts attributed shall be pro rata for part time employees.

Item 7 – Longevity Increases – For each union employee that would have received a longevity increase, the amount is determined by computing the amount of increase that would have been payable to such employee but for the suspension of longevity increases.

Item 8 – Sick Pay - For each union employee, the amount is determined by computing the value of one day's base salary for each unused sick day. The bank of sick days will not be increased.

Item 9 – Holidays – For each union employee, the amount is determined by computing the value of one day's base pay for each paid holiday foregone.

Item 10 – Vacations/Furlough Days - For each union employee, with the exception of part-time instructors, the amount is determined by adding one day's base salary for each vacation day exchanged for an unpaid furlough day. Part-time instructors shall be credited with the monetary value of the commensurate reduction in vacation pay they receive pursuant to Article 10 of the Agreement, and Article XVI of the collective bargaining agreement between the parties.

DETERMINING THE AGGREGATE MONETARY VALUE ATTRIBUTABLE TO ALL UNION EMPLOYEES

Add up the value attributable to each individual union employee

DETERMINING THE INDIVIDUAL EMPLOYEE'S PRO-RATA PERCENTAGE

Divide each individual union employee's monetary value by the aggregate monetary value of all union employees.

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