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3. Conditions of Grant.

A. In conjunction with a Pass Through Grant to the Foundation, the Library will deliver to the Foundation documents that the Library receives relating to the Original Grant including but not limited to correspondence, grant applications and grant agreements and the Foundation shall comply with the special restrictions described in the Original Grant and with any other special restrictions of the Library. In conjunction with a grant to the Foundation that was originally a bequest to the Library, the Library will deliver to the Foundation documents that the Library receives relating to the bequest including but not limited to Notices of Hearing, copies of notices published in the newspaper relating to the probate of estates, and correspondence and the Foundation shall comply with the special restrictions described in the bequest and with any other special restrictions imposed by the Library.

B. Further, the Foundation shall: (i) hold the Grant Funds in a separate fund to be known as the City Library Endowment Fund provided, however, that all interest earned on this City Library Endowment Fund, if any, shall belong to the Library and be added to the City Library Endowment Fund and further provided that each bequest, Original Grant and Pass Through Grant shall be identified and held in a separate account; (ii) separately account for monies in the City Library Endowment Fund apart from all other monies held by Foundation, in accordance with generally accepted accounting principles; (iii) adhere to the restrictions placed by the City's Director of Library Services on each bequest, Original Grant or Pass Through Grant as identified on a form submitted by the City's Director of Library Services at the time that each bequest, Original Grant or Pass Through Grant is given to the Foundation hereunder; (iv) on or before the fifteenth (15th) day of the month following the calendar quarter to which the report relates, submit a quarterly report to the Library in the form attached as Exhibit "A" and incorporated herein by reference that shows expenditures by the Foundation

1 from the City Library Endowment Fund, transfers of monies from the City Library
2 Endowment Fund to the Library, and the interest earned and administrative fee
3 payable for such quarter; (v) administer a Pass Through Grant as required by the
4 terms and conditions of the Pass Through Grant and administer a bequest as
5 required by the terms and conditions of the bequest; and (vi) comply with all other
6 provisions of this Grant Agreement in any way relating to the City Library
7 Endowment Fund. The Foundation shall not expend monies in the City
8 Endowment Library Fund except as expressly described above.

9 C. With respect to a grant, the Foundation shall not expend any
10 monies in the City Library Endowment Fund to obtain additional Original Grants
11 with out the prior written approval of the Director of the Library. With respect to the
12 Foundation's obligation to administer a Pass Through Grant, the parties
13 acknowledge that any administrative fee that is part of the Pass Through Grant
14 may be retained by the Foundation as consideration for such obligation and that
15 the Library shall not owe further sums to the Foundation to reimburse the
16 Foundation for any monies expended by the Foundation in the administration of
17 the Pass Through Grant.

18 D. As an administrative fee, Foundation will be paid up to one
19 percent (1%) per annum on the average daily balance in the City Library
20 Endowment Fund payable monthly in arrears.

21 E. Foundation shall submit an invoice to the City for the
22 administrative fee within fifteen (15) days after the end of each calendar quarter,
23 which invoice shall accompany the reports due pursuant to Section 3.B above.
24 Provided that the reports accompany the invoice, the City acting through the
25 Director of Library Services shall give its written authorization for payment of the
26 administrative fee via withdrawal by Foundation from the City Library Endowment
27 Fund.

28 4. Term. The term of this Grant Agreement shall begin on December 1,

1 2008, and shall end at midnight on November 30, 2013, unless sooner terminated as
2 provided herein. At the expiration or sooner termination of this Grant Agreement, Grant
3 Funds remaining in the City Library Endowment Fund shall be returned to the City within
4 fifteen (15) days. Either party may terminate this Grant Agreement for any or no reason
5 by giving thirty (30) days prior notice to the other party.

6 5. Records and Audit.

7 A. Foundation shall keep or cause to be kept in accordance with
8 generally accepted accounting principles full and complete books of account and
9 other records reflecting all transactions related to this Grant Agreement, including
10 but not limited to expenditures of monies in the City Library Endowment Fund.

11 B. City shall have the right at all reasonable times during the
12 term of this Grant Agreement and for a period of five (5) years after termination or
13 expiration to examine, audit, inspect, review, extract information from, and copy all
14 books, records, accounts, and other documents of Foundation relating to the funds
15 transferred pursuant to this Grant Agreement. Foundation shall make such books
16 and records available for inspection by the City during regular business hours and
17 Foundation shall cooperate fully with the City and its representative in any audit.

18 6. Bond. As a condition precedent to the effectiveness of this Grant
19 Agreement, Foundation shall obtain and maintain during the term of this Grant
20 Agreement a blanket honesty bond in an amount not less than One Hundred Thousand
21 Dollars (\$100,000.00). Foundation shall deliver the bond to the City for approval as to
22 sufficiency and form prior to receipt of funds hereunder. If the City requests an increase
23 to the amount of the honesty bond, Foundation agrees to promptly purchase such
24 additional coverage in the amount specified by the City.

25 7. No Assignment. Foundation shall not assign its rights or delegate its
26 duties hereunder, or any interest herein, or any portion hereof. Any attempted
27 assignment or delegation shall be void and any purported assignee or delegate shall
28 acquire no right or interest by reason of such attempted assignment or delegation.

1 8. Indemnity. Foundation shall, with respect to its obligations and
2 performance under this Grant Agreement, indemnify and hold harmless the City, its
3 officials, employees and agents (collectively in this Section "City") from and against any
4 and all liability, claims, demands, damage, loss, causes of action, proceedings, penalties,
5 costs and expenses (including attorney's fees, court costs, and expert and witness
6 fees)(collectively, "Claims" or individually "Claim"). Claims include allegations and
7 include by way of example but are not limited to: Claims for property damage, personal
8 injury or death arising in whole or in part from any negligent act or omission of
9 Foundation, its officers, directors, employees, agents or anyone under Foundation's
10 control (collectively "Indemnitor"); Foundation's breach of this Grant Agreement;
11 misrepresentation; willful misconduct; and Claims by any employee of Indemnitor relating
12 in any way to worker's compensation. Independent of the duty to indemnify and as a
13 free-standing duty on the part of Foundation, Foundation shall defend City and shall
14 continue such defense until the Claim is resolved, whether by settlement, judgment or
15 otherwise. No finding or judgment of negligence, fault, breach, or the like on the part of
16 Indemnitor shall be required for the duty to defend to arise. Foundation shall notify the
17 City of any claim within ten (10) days.

18 This Section shall survive termination of this Grant Agreement.

19 9. Notice. Any notice given hereunder shall be in writing and personally
20 delivered or deposited in the U.S. Postal Service, first class, postage prepaid, addressed
21 to Foundation at 101 Pacific Avenue, Long Beach, CA 90802 Attn: President, and to City
22 at 101 Pacific Avenue, Long Beach, CA 90802 Attn: Director, Library Services. Notice of
23 change of address shall be given in the same manner as stated herein for other notices.
24 Notice shall be deemed given on the date personal delivery is made or on the date
25 deposited in the mail, whichever first occurs.

26 10. Miscellaneous.

27 A. The grant of funds by the Library after giving notice of default
28 to Foundation shall not operate as a waiver of any provision of this Grant

1 Agreement, or of any right to indemnity hereunder. The waiver of any default shall
2 not constitute a waiver of any other or subsequent default.

3 B. This Grant Agreement shall not be amended nor any provision
4 or default waived except in writing signed by the parties. Any amendment shall be
5 authorized by the City's City Council.

6 C. This Grant Agreement shall be governed by and construed
7 pursuant to the laws of the State of California.

8 D. In its performance of this Grant Agreement, Foundation shall
9 comply with all laws, rules, regulations, and ordinances of federal, state, and local
10 governmental authorities.

11 E. This Grant Agreement constitutes the entire understanding
12 between the parties and supersedes all other agreements, oral or written, with
13 respect to the subject matter herein.

14 F. If there is any legal proceeding between the parties to enforce
15 or interpret this Grant Agreement or to protect or establish any rights or remedies,
16 the prevailing party shall be entitled to its costs and expenses, including attorney's
17 fees and court costs.

18 G. This Grant Agreement is not intended or designed to or
19 entered for the purpose of creating any benefit or right for any person or entity that
20 is not a party to this Grant Agreement. This Grant Agreement is created as a joint
21 effort of the parties and shall not be construed against either party as the drafter.

22 H. The headings of this Grant Agreement and the grouping of
23 provisions into sections and paragraphs is for the convenience of the parties only
24 and shall not be construed as a part of this Grant Agreement.

25 I. This Grant Agreement is not intended to and shall not be
26 construed to create a principal-agent relationship between the City or the Library
27 and the Foundation and Foundation shall not hold itself out as an agent of the City
28 or the Library. This Grant Agreement is not intended to and shall not be construed

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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to create a partnership, joint venture or any other relationship between the parties.

IN WITNESS WHEREOF, the parties have caused this document to be duly executed with all formalities required by law as of the date first stated above.

LONG BEACH PUBLIC LIBRARY
FOUNDATION

March 9, 2009

By Lorraine Hutton
President
LORRAINE Hutton
Type or Print Name

3/19, 2009

By Mary Hinds
Secretary
MARY HINDS
Type or Print Name

"Foundation"

CITY OF LONG BEACH, a municipal
corporation

May 12, 2009

By [Signature] Assistant City Manager
City Manager

"City"

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

This Grant Agreement is approved as to form on 4-22,
2009.

ROBERT E. SHANNON, City Attorney

By [Signature]
Deputy

Long Beach Public Library Foundation

Statement of Changes in Net Assets

(Unaudited Results - Internal Use Only)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>				<u>Permanently Restricted Endowments</u>				<u>Total Net Assets</u>
	<u>Undesignated</u>	<u>FLC</u>	<u>Raising A Reader</u>	<u>Mark Twain FLC</u>	<u>Books and Materials</u>	<u>Family Learning Centers</u>	<u>Mark Twain FLC</u>	<u>Books and Materials</u>	<u>To Support Operations</u>	
Balance at January 1, 2009	\$ 51,678		\$ 107,115	\$ 87,421	\$ 534,935	\$ 445,254	\$ 589,197	\$ 181,397	\$ 201,850	\$ 2,198,847
Net surplus (deficit)	23,423	1,399	(28,490)	(6,250)	(109)	-		50		(9,976)
Balance at April 30, 2009	<u>\$ 75,101</u>	<u>\$ 1,399</u>	<u>\$ 78,625</u>	<u>\$ 81,171</u>	<u>\$ 534,826</u>	<u>\$ 445,254</u>	<u>\$ 589,197</u>	<u>\$ 181,447</u>	<u>\$ 201,850</u>	<u>\$ 2,188,871</u>