

29537

MEMORANDUM OF UNDERSTANDING
(Chittick Field)

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is entered into as of the 1 day of January, 2006, between the CITY OF LONG BEACH, a municipal corporation ("City") and THE SALVATION ARMY, a California nonprofit corporation ("Army", and together with City, the "parties").

1. Background. City and Army have identified a mutual interest to advance efforts to bring a Ray and Joan Kroc Corps Community Center (the "Facility") to the City of Long Beach. These efforts include, but are not limited to, site selection, site assembly, demolition, remediation, feasibility analysis, conceptual design, design development, environmental clearance and entitlement. This MOU is intended to set forth certain obligations of the parties to further their mutual objectives and the conditions precedent thereto.

2. Term. The term of this MOU shall begin when fully executed and shall continue until December 31, 2007 (the "Term"), unless otherwise agreed by both parties in writing.

3. Site. The parties have identified the site depicted on Exhibit "A" attached hereto (the "Site") as the preferred site to locate the Facility. The Site consists of two separate parcels, the first more northerly parcel comprising 18.63 acres (the "Field Parcel") and the second more southerly parcel comprising 1.28 acres (the "Frontage Parcel"). The Field Parcel is owned by the County of Los Angeles ("County"), is zoned P (Park) and is currently used as a County detention facility for significant storm events. When not used to detain run-off, the Field Parcel is used for passive recreation. The parties acknowledge that the Field Parcel will continue to be used to accommodate significant storm events and the site design for the Facility shall account for such restriction and shall be approved by County. The Frontage Parcel is privately owned by various parties, is zoned CHW (Regional Highway Commercial) and is currently used for commercial auto-related purposes.

4. Environmental Condition. City's consultant has conducted a Phase I environmental assessment and a Phase II environmental assessment of the Field Parcel. The results do not identify any significant concentrations of hazardous compounds and further investigation is not recommended. City's consultant also conducted a Phase I environmental assessment of the Frontage Parcel. The results indicate that further investigation is warranted. Army, at its own cost and expense, shall be responsible for causing such further investigation to be performed, and if needed, City shall reasonably cooperate with such further investigation.

5. Development Guidelines. The parties agree that the Site shall be developed as a Ray and Joan Kroc Corps Community Center, providing facilities and programs of superb quality that provide children, youth, families and individuals with educational, recreational, arts and other activities that build character, confidence and competence. The Facility shall be developed in accordance with all laws and regulations generally applicable to property development in the City of Long Beach, including the General Plan of the City of Long Beach, Titles 18 (Building and Construction) and 21 (Zoning Regulations) of the Long Beach Municipal Code, the California Public Resources Code, Section 21000 et seq. (the California

Environmental Quality Act), the Central Redevelopment Project Area Strategic Plan, any design guidelines resulting therefrom and any special restrictions placed upon the Facility by the County. Army shall not be required to accept the Site or to construct the Facility if (i) Army reasonably determines that it will be economically infeasible or against Army's goals or objectives to design, construct and operate the Facility to comply with the applicable laws and regulations, design guidelines or County restrictions described in this Section, (ii) the Conveyance Documents (defined in Section 7) are unacceptable to Army, (iii) at least \$30,000,000 in Joan Kroc development funds is not awarded to the Facility, (iv) more suitable property is secured by Army for the Facility or (v) any exceptions to title affecting the Field Parcel are unacceptable to Army.

6. Development Process. The parties shall work cooperatively to engage professional and technical consultants to complete studies required to diligently proceed with design development and complete the Development Application (as defined in the Guidelines for Distribution of Joan Kroc Funds attached hereto as Exhibit "B"). Army shall be solely responsible for project management, design development, storm water management, and, in furtherance of this responsibility, shall coordinate with City and County; provided, however, City shall be responsible for maintenance of the pumps on the Site. City shall have no obligation to provide monetary contributions, but shall provide such staff support as reasonably available to guide and assist in the development process. Army shall reimburse City up to \$50,000 for staff time spent in providing such support and in acquiring and conveying the Field Parcel, provided the Field Parcel is actually conveyed to Army and the expenditure of funds requested by City can be reasonably documented by City and such documentation is delivered to Army.

7. Property Acquisition and Disposition. City shall diligently pursue the acquisition of the Field Parcel in a timely manner. The parties acknowledge that the Field Parcel is currently owned by County. County has offered the Field Parcel to City, on conditions yet to be negotiated. One of the conditions anticipated is that the Field Parcel will continue to be used as a detention basin for significant storm events and the design of the Facility shall accommodate this ongoing requirement. City shall coordinate with all involved parties to effectuate the conveyance of the Field Parcel to City, and shall thereafter use its best efforts to convey the Field Parcel to Army subject to the terms and conditions set forth herein.

Army may work to acquire the Frontage Parcel or portions thereof without cooperation from City. If at any time Army determines not to work to acquire the Frontage Parcel or portions thereof on its own, then City, the Redevelopment Agency of the City of Long Beach (the "Agency") and Army shall work cooperatively to acquire the Frontage Parcel, and the primary acquiring party shall be the Agency. Upon (i) acquisition of either the Field Parcel or any portion of the Frontage Parcel and (ii) the relocation of any tenants necessitated by such acquisition, Army shall have unimpeded access to pursue its design development for the Facility.

The consideration to be paid for the Field Parcel and the Frontage Parcel, respectively, is described below. The Field Parcel shall be conveyed by City to Army for an amount sufficient to cover City costs and any consideration paid by City to County, provided such costs and consideration can be reasonably documented by City and such documentation is delivered to Army. If Army fails to acquire the Frontage Parcel or any portion thereof on its own and in lieu

thereof such property is acquired by the Agency (such acquisition will be subject to the approval of the Agency Board), then the Frontage Parcel or such portions thereof shall be conveyed by the Agency to Army for an amount sufficient to cover all costs of Agency to acquire and remediate such property and demolish any structures existing thereon, including relocation costs, consulting fees, outside condemnation counsel and future goodwill claims. Remediation measures taken by the Agency with respect to the Frontage Parcel or any portion thereof, and costs incurred in connection therewith or in conjunction with City's acquisition of any portion of the Field Parcel, shall be subject to the prior approval of Army. The Site shall be acquired and assembled, as discussed above, by City and the Agency.

City and the Agency shall cooperate in all entitlement applications for development approval and for permit processing through City. A fee simple interest in the Site shall be conveyed to Army upon (i) the issuance of a combination grading/building permit by City and (ii) the execution and delivery of certain documents related to the conveyance of the Site (collectively, the "Conveyance Documents") which may impose certain restrictions upon the Site. The parties may mutually agree in writing to convey the Site to Army prior to the satisfaction of the conditions contained in the immediately preceding sentence. The conveyance shall be accomplished through an escrow to be opened with Chicago Title Company (the "Title Company"). Escrow shall close for conveyance of the Field Parcel by City to Army as soon as all conditions to closing set forth herein have been satisfied. The parties shall use their best efforts to mutually agree upon the form and substance of the Conveyance Documents. Army shall have the right to obtain a title policy from the Title Company for the Field Parcel subject only to exceptions to title approved by Army, at Army's sole cost, concurrently with the close of escrow.

8. Indemnity. With respect to services performed hereunder, Army shall indemnify and hold harmless City, its Boards, Commissions, and their officials, employees and agents (collectively in this Section "City") from and against any and all liability, claims, demands, damage, causes of action, proceedings, penalties, loss, costs, and expenses (including reasonable attorney's fees, court costs, and expert and witness fees) (collectively "Claims" or individually "Claim"). "Claims" are limited to include only allegations and claims for property damage, personal injury or death arising in whole or in part from any negligent act or omission of Army, its officers, employees, agents, or anyone under Army's control (collectively "Indemnitor"); Army's breach of this MOU; misrepresentation; willful misconduct; and Claims by any employee of Indemnitor relating in any way to worker's compensation. Independent of the duty to indemnify and as a free-standing duty on the part of Army, Army shall defend City and shall continue such defense until the Claim is resolved, whether by settlement, judgment or otherwise. Army shall notify the City of any claim within ten (10) days. Likewise, City shall notify Army of any claim, shall tender the defense of such claim to Army, and shall assist Army, as may be reasonably requested, in such defense.

9. Insurance.

9.1. Insurance required of Army. Army shall, at all times during Term, procure and maintain, at Army's expense, the following insurance coverages from insurance carriers admitted to write insurance in the State of California or authorized

nonadmitted insurers with a rating of or equivalent to A.VIII by A.M. Best Company:

A. Commercial general liability insurance equivalent in scope to ISO form CG 00 01 11 85 or 10 93 in an amount not less than Five Million Dollars (\$5,000,000) per occurrence and in aggregate. Such coverage shall include but shall not be limited to independent contractors liability, broad form contractual liability, cross liability protection, and products and completed operations liability. City, its officials, employees, and agents shall be named as additional insureds by endorsement equivalent in scope to ISO form CG 20 26 11 85 with respect to liability arising out of activities by or on behalf of Army or in connection with the development, use or occupancy of the Site. This insurance shall contain no special limitations on the scope of protection afforded to City, its officials, employees, and agents.

B. Pollution liability insurance covering third-party bodily injury, property damage and cleanup coverage, on and off site, if the Phase II assessment of the Frontage Parcel (the "Phase II Assessment"), when conducted, discloses the presence of hazardous materials which require remediation in accordance with applicable laws. The requirements for pollution liability insurance shall be determined by City's Risk Manager or designee based upon the Site and the Phase II Assessment. In the event that the Site is determined uninsurable as a result of the Phase II Assessment, this MOU is subject to termination by City.

C. Commercial automobile liability insurance equivalent in scope to ISO form CA 00 01 06 92 covering Auto Symbol 1 (Any Auto) in an amount not less than One Million Dollars (\$1,000,000) combined single limit.

D. Special Perils property insurance, including builder's risk protection during the course of construction and debris removal, in an amount sufficient to cover the full replacement value of all buildings and structural improvements erected on the Site. Army shall also obtain coverage for the perils of earthquake and flood, if available from responsible insurance companies at commercially reasonable rates.

E. Special Perils property insurance in an amount sufficient to cover the full replacement value of Army's personal property, improvements and equipment on the Site.

F. Workers' compensation insurance as required by the Labor Code of the State of California and endorsed, as applicable, to include employer's liability insurance with minimum limits of One Million Dollars (\$1,000,000) per accident or illness.

9.2. Insurance requirements for Army's contractor and subcontractors. Army shall require Army's contractors and subcontractors to meet the insurance requirements of Section 9.1, as applicable, and professional liability insurance in an amount not less than Two Million Dollars (\$2,000,000) per claim covering the work of any person providing architectural, consulting, engineering, environmental, landscape architectural, surveying, real estate, soils engineering, or other professional services with respect to the development and construction at the Site. City's Risk Manager shall consider contractors' and subcontractors' written requests for modification of the insurance requirements based on the scope of work to be performed.

9.3. Waiver of subrogation. With respect to damage to property, City and Army hereby waive all rights of subrogation, one against the other, but only to the extent that collectible commercial insurance is available for said damage.

9.4. Self-insurance and deductibles. Any self-insurance program, self-insured retention, or deductible must be approved separately in writing by City's Risk Manager or designee and shall protect City and its officials, employees, and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained retention or deductible provisions.

9.5. Cancellation; severability of interests; primary and noncontributing. In addition to the endorsements specified herein, each insurance policy required herein shall also be endorsed to provide as follows: (a) that coverage shall not be voided, canceled or changed by either party except after thirty (30) days prior written notice to City, (b) that the insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability, and (c) and that coverage shall be primary and not contributing to any other insurance or self-insurance maintained by City, its official, employees, or agents.

9.6. Delivery of insurance documentation. Prior to the start of performance under this MOU, Army shall deliver to City certificates of insurance and required endorsements evidencing the insurance coverage required by this MOU for approval as to sufficiency and form, including any insurance required of Army's current contractors or subcontractors. The certificates and endorsements shall contain the original signature of a person authorized by that insurer to bind coverage on its behalf. Army shall, at least thirty (30) days prior to expiration of the policies of insurance required herein, furnish City with certificates of insurance and endorsements evidencing renewal of the insurance required herein. City reserves the right to require complete certified copies of all policies of the Army any of Army's contractors or subcontractors at any time.

9.7. No limitation of liability. The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification and hold harmless provisions of this MOU.

9.8. Books and records. Army agrees to make available to City all books, records and other information relating to the insurance coverage required by this MOU during normal business hours.

9.9. Amendments to the insurance provisions. If in the opinion of City's Risk Manager from time to time, the amount, scope, or type of insurance coverage specified herein is not adequate, Army shall amend its insurance as required by City's Risk Manager or designee. Any modification or waiver of the insurance requirements herein shall be made only with the written approval of the City's Risk Manager or designee.

10. Amendment. This MOU shall not be amended, nor any provision or breach

hereof waived, except in writing signed by the parties which expressly refers to this MOU.

11. Law. This MOU shall be governed by and construed pursuant to the laws of the State of California.

12. Entire Agreement. This MOU constitutes the entire understanding between the parties and supersedes all other agreements, oral or written, with respect to the subject matter contained herein.

13. Costs. If there is any legal proceeding between the parties to enforce or interpret this MOU or to protect or establish any rights or remedies hereunder, the prevailing party shall be entitled to its costs and expenses, including reasonable attorneys' fees and court costs (including appeals).

14. Nondiscrimination. In connection with performance of this MOU and subject to applicable rules and regulations, Army shall not discriminate against any employee or applicant for employment because of race, religion, national origin, color, age, gender, sexual orientation, AIDS, AIDS related condition, handicap, disability or Vietnam Era veteran status. Army shall ensure that applicants are employed, and that employees are treated during their employment, without regard to these bases. Such actions shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

15. Notices. Any notice or approval required hereunder by either party shall be in writing and personally delivered or deposited in the U.S. Postal Service, first class, postage prepaid, addressed to Army and City at the respective addresses stated below. Notice of change of address shall be given in the same manner as stated herein for other notices. Notice shall be deemed given three (3) business days after said writing is deposited in the mail or on the date personal delivery is made, whichever first occurs.

City of Long Beach
Attention: Community Development Director
333 West Ocean Boulevard, 3rd Floor
Long Beach, CA 90802

The Redevelopment Agency of the City of Long Beach
Attention: Executive Director
333 West Ocean Boulevard, 3rd Floor
Long Beach, CA 90802

The Salvation Army, Southern California Division
Attention: John Horne
900 West James M. Wood Boulevard
Los Angeles, CA 90015-1356

The Salvation Army Western Territorial Headquarters

Attention: Legal Secretary
180 East Ocean Boulevard
Long Beach, CA 90802

16. Continuation. Termination or expiration of this MOU shall not affect rights or liabilities of the parties which accrued pursuant to Section 8 prior to termination or expiration of this MOU.

17. Third Party Beneficiary. This MOU is intended by the parties to benefit themselves only and is not in any way intended or designed to or entered for the purpose of creating any benefit or right for any person or entity of any kind that is not a party to this MOU.

18. Successors. This MOU shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assignees.

19. Counterparts. This MOU may be executed in several counterparts and all so executed shall constitute one MOU, binding on the parties hereto, notwithstanding that all parties are not signatory to the original or the same counterpart.

20. Headings. The headings contained in this MOU are for reference purposes only and shall not affect the meaning or interpretation of anything contained in this MOU.

21. Representation. The persons executing this MOU on behalf of City and Army represent and warrant that they have the authority to execute this MOU in the capacity indicated next to their respective signatures.

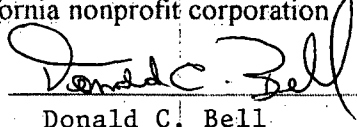
[Signatures on following page]

THE SALVATION ARMY SOUTHERN CALIFORNIA DIVISION FINANCE COUNCIL	
JAN 19 2006	
<input type="checkbox"/> Approved	<input type="checkbox"/> Not Approved
<input checked="" type="checkbox"/> Recommended	<input type="checkbox"/> Concept Approval
<input type="checkbox"/> Reviewed/Noted	<input type="checkbox"/> Deferred
By _____	_____

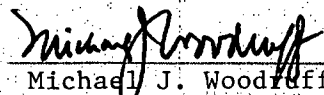
IN WITNESS WHEREOF, the parties have caused this MOU to be duly executed with all formalities required by law as of the date first stated herein.

MAR 10 2006, 2006

THE SALVATION ARMY,
a California nonprofit corporation

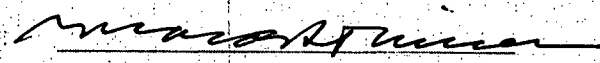
By: 
Name: Donald C. Bell
Title: Vice President

MAR 10 2006, 2006

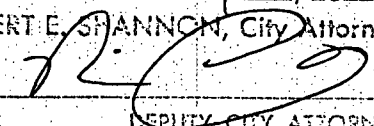
By: 
Name: Michael J. Woodruff
Title: Secretary

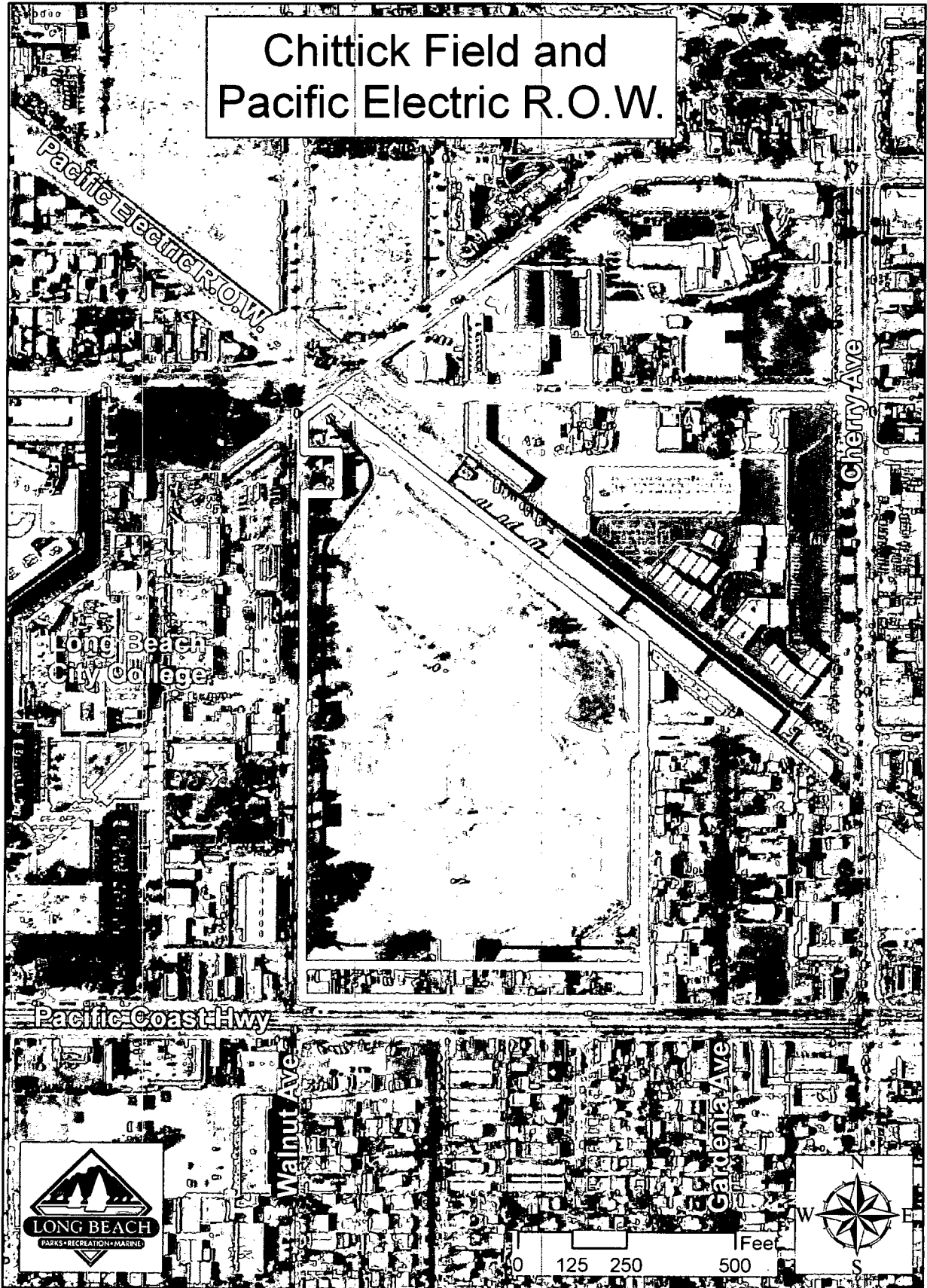
3.20, 2006

CITY OF LONG BEACH,
a municipal corporation

By: 
Title: City Manager

APPROVED AS TO FORM

3/13, 2006
ROBERT E. SHANNON, City Attorney
By: 
DEPUTY CITY ATTORNEY



THE SALVATION ARMY WESTERN TERRITORY

GUIDELINES FOR DISTRIBUTION OF JOAN KROC FUNDS

The gift of Joan Kroc represents an unprecedented challenge and opportunity for The Salvation Army. Joan Kroc's clear vision for the facilities to be developed with her funds was that each "Ray and Joan Kroc Corps Community Center" provide opportunities for underserved young people, families and individuals to develop their potential through vigorous and rich participation in education, recreation, the arts, and other activities. In accepting the gift, The Salvation Army recognized the compatibility of Joan Kroc's vision with the mission of The Salvation Army. Joan Kroc's gift will be used to develop and operate projects that advance both the vision of Joan Kroc and the mission of The Salvation Army.

In addition to advancing the mission of The Salvation Army and implementing Joan Kroc's vision; two additional goals have been established by the Western Territory of The Salvation Army for the use of Joan Kroc's gift: to use the funds and other resources to develop Ray and Joan Kroc Corps Community Centers expeditiously and in a fiscally responsible manner, and to use Joan Kroc's funds and other resources to respond to local needs on a sustained basis. The Western Territory will undertake a three phase process to award funds and designate as Ray and Joan Kroc Corps Community Centers those projects that will best advance these four goals. The process will consist of two competitive phases and one non-competitive phase.

DEFINITION OF A RAY AND JOAN KROC CORPS COMMUNITY CENTER

Joan Kroc's vision was clear and unequivocal: that a Ray and Joan Kroc Corps Community Center should consist of facilities and programs of superb quality that provide children, youth, families and individuals with educational, recreational, arts and other activities that build character, confidence and competence; and it should be a beacon of hope and an agent of change in an underserved community.

The first Ray and Joan Kroc Corps Community Center that has been built – in San Diego, California – serves The Salvation Army as a model for quality, although not necessarily for size or form. The San Diego facility is located on 12.5 acres and includes 195,000 square feet in 5 separate buildings. Major program components include 3 swimming pools; a performing arts center; a child care center; an ice skating rink; a fitness center; game and recreation areas; an indoor skate board park; an outdoor challenge course; a gymnasium; a chapel and worship center; family service offices; an education center, including classrooms, a library and a computer learning lab; a craft room and photography dark room; two commercial kitchens and dining areas; and a variety of adaptable and multi-use spaces. The Center, opened in early 2002, has more than 6500 members and an average of 2600 users a day and has already had a positive affect on the surrounding neighborhood.

While Joan Kroc's vision was clear, it was never limited. The Salvation Army anticipates that The Salvation Army Ray and Joan Kroc Corps Community Centers built around the Western Territory will be as diverse in appearance and approach as the communities they serve. Each Center will include the facility and program components most directly responsive to the needs and desires of the community in which it is located.

THREE PHASE PROCESS FOR THE AWARD OF JOAN KROC FUNDS

The Western Territory will award Joan Kroc funds for the development of Ray and Joan Kroc Corps Community Centers through a three phase process designed to identify those projects that will best advance the goals of the Western Territory for the use of Joan Kroc funds. The first two phases will be competitive and the third phase will be non-competitive.

Competitive Phases

- 1) Feasibility Application Phase: The Territorial Headquarters of the Western Territory (THQ) will "pre-qualify" in this phase those projects with the strongest potential to advance the four goals. The pre-qualified projects will be identified through the review of "Feasibility Applications" for specific projects, a site visit to locations for which Feasibility Applications pass a threshold review, and the review of additional information and documentation sought by THQ. Funding for this phase will come from local and divisional sources.
- 2) Development Application Phase: Only projects pre-qualified in the Feasibility Application Phase will be eligible to participate in this phase. The divisions and corps with pre-qualified projects will receive pre-development funds from THQ to continue planning the projects and to prepare a detailed "Development Application". THQ will evaluate the pre-qualified projects based on review of the Development Application, a site visit, and additional information sought by THQ. THQ will then select projects for development as Ray and Joan Kroc Corps Community Centers.

Non-Competitive Phase

- 3) Development Approval: THQ will participate with the divisions and corps in the continued planning and development of all major aspects of selected Ray and Joan Kroc Corps Community Centers. THQ will also negotiate during this phase a specific amount of Joan Kroc funds to be awarded for the development of each project and will estimate the annual amount of operating revenue that will be available to the project from an endowment of Joan Kroc funds established and managed by THQ.

GOALS AND OBJECTIVES OF THE WESTERN TERRITORY IN AWARDING JOAN KROC FUNDS

Goals

THQ will award Joan Kroc funds through a competitive process to those projects that will best advance four goals established by the Western Territory for the development and operation of Ray and Joan Kroc Corps Community Centers. These goals are:

- 1) To advance the Mission of The Salvation Army;
- 2) To implement the Vision of Joan Kroc;
- 3) To use Joan Kroc's funds and other resources to develop Ray and Joan Kroc Corps Community Centers expeditiously and in a fiscally responsible manner;
- 4) To use Joan Kroc's funds and other resources to respond to local needs on a sustained basis.

THQ will rely on specific objectives tied to each goal to evaluate and compare the extent to which proposed projects will advance these four goals.

Objectives for Evaluating Advancement of the Four Goals

The projects selected in the competitive phases for development as Ray and Joan Kroc Corps Community Centers will be those that best advance the four goals of the Western Territory for the use of Joan Kroc funds. Territorial Headquarters will evaluate and compare the extent to which each project will advance the four goals by determining their relative ability to achieve specific objectives tied to each goal. The four goals and the objectives tied to each goal are as follows:

Goal # 1) To advance the Mission of The Salvation Army:

1-A: The spiritual ministry of The Salvation Army will be integrated with other services of The Salvation Army Ray and Joan Kroc Corps Community Center.

1-B: The Salvation Army Ray and Joan Kroc Corps Community Center will be linked to existing and/or planned Salvation Army corps and social service ministries in the community.

1-C: The government and private support and collaboration in the development and operation of The Salvation Army Ray and Joan Kroc Corps Community Center is compatible with the mission of The Salvation Army.

Goal # 2) To reflect the Vision of Joan Kroc:

2-A: The Salvation Army Ray and Joan Kroc Corps Community Center will encompass multiple program and facility components that address a variety of local needs and provide diverse opportunities for the community.

2-B: The Salvation Army Ray and Joan Kroc Corps Community Center will provide high quality personal development opportunities that build character, confidence and competence in young people, families and individuals in an inclusive manner, including opportunities in education, recreation and the arts.

2-C: The architectural design and construction will be of high quality, suitability and durability.

Goal # 3) To use Joan Kroc's funds and other resources to develop Ray and Joan Kroc Corps Community Centers expeditiously and in a fiscally responsible manner.

- 3-A: The Salvation Army currently owns or will be able to acquire the project site.
- 3-B: The project site and surrounding neighborhood are appropriate for development of a Ray and Joan Kroc Corps Community Center.
- 3-C: The Salvation Army has been awarded all required discretionary approvals by local government or has strong neighborhood and local government support for the timely award of these approvals.
- 3-D: Relocation, demolition, environmental mitigation, and site preparation requirements are reasonable.
- 3-E: Acquisition, construction and overall development costs are reasonable.
- 3-F: Committed local government and/or private support in the form of land and/or funds for the development of The Salvation Army Ray and Joan Kroc Corps Community Center are appropriate given the scale of the project.
- 3-G: The project will be developed by a design, construction and project management team with exceptional and relevant skill and experience.

Goal # 4) To use Joan Kroc's funds and other resources to respond to local needs on a sustained basis.

- 4-A: The project is accessible to and targets a population of children, families and individuals that is underserved and appropriate in size to the scale of the project.
- 4-B: The project elements are appropriate to the needs and interests of the community.
- 4-C: Sufficient new funds can be raised in the community on a sustained basis to cover a significant share of operating costs.
- 4-D: The Ray and Joan Kroc Corps Community Center will be operated by management and direct service staff with exceptional and relevant skill and experience.

ADDITIONAL GUIDELINES AND INFORMATION

Eligible Projects

Projects that meet the following criteria will be considered for award of Joan Kroc funds and designation as Ray and Joan Kroc Corps Community Centers:

- 1) The project meets the definition of a Ray and Joan Kroc Corps Community Center.
- 2) The project is proposed by a Salvation Army division in the Western Territory. A division may submit more than one application, but each application must be endorsed by the Divisional Commander and Divisional Program Council.
- 3) The project will advance the four goals of the Western Territory for the use of Joan Kroc funds.

- 4) The project is presented through the selection process established by the Western Territory for the award of Joan Kroc funds.
- 5) The project represents an entirely new facility or a substantial expansion of an existing facility. The project may include a demolition or partial demolition of an existing facility if appropriate due to the inadequacy of the existing facility. In cases of an expansion or rebuilding of an existing facility, the name "The Salvation Army Ray and Joan Kroc Corps Community Center" will be attributed to the entire complex.

Project Components Eligible for Funding

Proposed projects may encompass a broad range of Salvation Army endeavor. However, Joan Kroc funding is available only for the capital development and operation of facilities that meet the definition of a Ray and Joan Kroc Corps Community Center (see above). Joan Kroc funding will not be awarded for the development or operation of housing, conference centers, divisional or command headquarters, or other facilities and activities not encompassed within the definition of a Ray and Joan Kroc Corps Community Center. Compatible facilities of this nature may be proposed in conjunction with the development of a Ray and Joan Kroc Corps Community Center, but Joan Kroc funding will not be available for the development or operation of such facilities.

Scale of Projects

Only projects appropriate in scale to community needs and available resources for development and operation will be selected. In the Feasibility Application, the applying division and/or corps will place the project within one of two development funding award ranges:

- Range A: \$30,000,000 or more in Joan Kroc development funds.
- Range B: up to \$30,000,000 in Joan Kroc development funds.

The amount of development funds awarded to a project will be determined during the Development Approval Phase.

Joan Kroc Funds

Half of the Joan Kroc funds received by the Western Territory will be placed by THQ in a capital building fund for site acquisition and development of Ray and Joan Kroc Corps Community Centers throughout the Territory. The other half of the Joan Kroc funds will be placed in an operating endowment. The amount of operating funding available from the operating endowment for each Center will depend on investment performance and the relative need of Ray and Joan Kroc Corps Community Centers throughout the Western Territory.

Eligible Costs

Joan Kroc funds will be made available for three separate purposes:

- 1) Pre-development Funds: At the end of the Feasibility Application Phase, THQ will award pre-development funds to pre-qualified projects in an amount to be negotiated at that time. These funds may be used to prepare the project for consideration in the Development Application Phase. Eligible uses of these funds may include engagement of architects and technical consultants, completion of studies required by local government, purchase of option agreements or otherwise securing site control, and completion of the Development Application. THQ will not recapture these funds if the project is unsuccessful in the Development Application Phase.
- 2) Development Funds: The amount of development funding awarded to a particular Ray and Joan Kroc Corps Community Center will be negotiated during the non-competitive Development Approval Phase. Development funding may be used for land acquisition, relocation, site preparation, architectural and engineering fees, consulting fees, local government fees associated with discretionary approvals and permits, construction, purchase and installation of furniture and equipment, seeding capital reserve accounts (up to 2% of actual construction cost), and other reasonable and appropriate costs necessary to project development.
- 3) Endowment: THQ will manage endowment funds for all Ray and Joan Kroc Corps Community Centers in the Western Territory. The amount of the endowment and the annual proceeds available for each Ray and Joan Kroc Corps Community Center will be estimated during the Development Application and Development Approval Phases. Endowment funds may be used for reasonable and appropriate costs necessary for the operation of eligible components of a Ray and Joan Kroc Corps Community Center.

If the overall project includes components ineligible for Joan Kroc funding, the pro-rata costs of these components in all categories must be covered by sources other than Joan Kroc funds.

Naming

All projects funded with Joan Kroc funds will be permanently named "The Salvation Army Ray and Joan Kroc Corps Community Center", with the geographic location inserted after "The Salvation Army". Portions of the facility may be named for other donors.

Additional Information about the Selection and Development Process

The three phase selection process will consist of two competitive phases and one non-competitive phase. During each of the two competitive phases ("Feasibility Application Phase" and "Development Application Phase") competing projects from throughout the Western Territory will be evaluated by THQ based on review of a written application, participation in a site visit, and review of additional information and documentation sought by THQ. The projects that will best advance the four goals of the Western Territory for the use of Joan Kroc funds will be eligible for award of Joan Kroc funds. The amount of Joan Kroc funds awarded to each project will be determined, and final project approval will be granted, through the third, non-competitive phase ("Development Approval Phase").

Milestones in the three phases of the selection process will include:

Feasibility Application Phase

- THQ will release the Request for Feasibility Applications (RFFA).
- THQ will conduct an application workshop.
- THQ will provide ongoing technical assistance for divisions and corps preparing Feasibility Applications until the RFFA deadline.
- Feasibility Applications will be submitted by the deadline published in the RFFA.
- THQ will complete a threshold review of the Feasibility Applications. Projects determined not to be responsive to the RFFA or feasible for development will be eliminated.
- THQ will review the Feasibility Applications.
- THQ will provide to the applicant a list of further documentation or information to be provided prior to or in conjunction with the site visit.
- A team of evaluators from THQ will visit the community from which each Feasibility Application passing threshold review was received. The division and local corps and community will make a presentation of the project to the team of evaluators.
- THQ will score the projects based on review of the Feasibility Applications, the site visits, and additional information received from the applicant or compiled directly by THQ.
- THQ will select "pre-qualified" projects based on the scores and considerations of geographic distribution of the Joan Kroc funds.
- THQ will announce the pre-qualified projects and invite these projects to participate in the Development Application Phase.
- THQ will negotiate an appropriate allocation of pre-development funds for each pre-qualified project.

Development Application Phase

- THQ will release a Request for Development Applications (RFDA).
- THQ will conduct an application workshop.
- THQ will provide ongoing technical assistance for divisions and corps preparing Development Applications until the RFDA deadline.
- Development Applications will be submitted by the deadline published in the RFDA.
- THQ will review the Development Applications.
- THQ will provide to the applicant a list of further documentation or information to be provided prior to or in conjunction with the site visit.
- A team of evaluators from THQ will visit the community from which each Development Application was received. The division and local corps and community will make a presentation of the project to the team of evaluators.
- THQ will eliminate from consideration any project for which site control and local approvals are not assured.
- THQ will score the projects based on review of the Development Applications, the site visits, and additional information received from the applicant or compiled directly by THQ.
- THQ will select and announce projects to be designated as Ray and Joan Kroc Corps Community Centers based on the scores and considerations of geographic distribution of the Joan Kroc funds. Some selections may be contingent on the achievement of certain milestones ("contingent milestones") not achieved during the Development Application Phase.

Development Approval Phase

- THQ will provide ongoing technical assistance in the development of all selected Ray and Joan Kroc Corps Community Centers.
- THQ will assist with and monitor the achievement of contingent milestones.
- THQ will approve architectural drawings, development budgets, operating budgets, staffing plans and other major aspects of the development of each Ray and Joan Kroc Corps Community Center.
- THQ will award a specific amount of Joan Kroc funds for the development of each selected project.
- THQ will designate an amount of the corpus of the endowment and estimate the amount of annual revenue from the endowment that will be available for the operation of each Ray and Joan Kroc Corps Community Center.
- THQ will authorize construction and opening of each Ray and Joan Kroc Corps Community Center according to a schedule approved for each project.

Reservation of Rights

THQ reserves the right to amend or alter at any time these guidelines or any aspect of the process for awarding Joan Kroc funds.

July 13, 2004