

MEMORANDUM OF UNDERSTANDING

BY AND BETWEEN THE LOS ANGELES ZOO AND BOTANICAL GARDENS AND THE GREATER LOS ANGELES ZOO ASSOCIATION

FINANCIAL ASSISTANCE, SPECIAL EVENTS AND COMMUNITY AFFAIRS

This Memorandum of Understanding (MOU) is entered into as of July 1, 2016, between the City of Los Angeles through the Department of the Zoo (Zoo) and the Greater Los Angeles Zoo Association (GLAZA) for financial assistance, special events and community affairs for the Zoo.

1. Governance

Operating Agreement

The City of Los Angeles (City), through the Zoo Department, entered into an Operating Agreement with the Greater Los Angeles Zoo Association (GLAZA) for the purposes of obtaining assistance in establishing, developing, beautifying and improving the Zoo (Los Angeles City Council File No. 94-0989-S1). The Operating Agreement was dated July 1, 1997, executed on September 29, 1997 and expires on September 29, 2022. In accordance with Section III of the Operating Agreement, the General Manager of the Zoo Department (Zoo Director) is authorized to enter into one or more memoranda of understanding with GLAZA, on behalf of the City, as sub-agreements. The MOU details the subject matter of the contract, the scope of services and the essential terms of the performance required.

Execution Authority

Each sub-agreement may have a maximum term of three years and will be subject to the approval of the City Attorney as to form and legality and each shall conform with and carry out the objectives and strategies in the Los Angeles Zoo Business and Marketing Plan (Plan), as approved by the City Council, per the Operating Agreement.

On September 23, 2014, the City Council approved the Zoo's updated Three-Year Business and Marketing Plan (July 2014) (C.F. 14-0600-S223). The Plan, developed by the Zoo and GLAZA and which covers Fiscal Years 2014-15 through 2016-17, outlines four primary goals that focus on the Zoo campus, conservation, community and human capital. The Plan also contains strategies for achieving established goals and includes key metrics and assumptions utilized in the development of the Plan.

2. Term of the MOU

This MOU is effective for a one-year period from July 1, 2016 to June 30, 2017, which corresponds to both the Zoo's and GLAZA's fiscal years. The Program Description and budgets below reflect proposed activity during the entire fiscal year. The Zoo and

GLAZA may amend this MOU by written agreement during its term should they mutually agree to change the program outlines and budget.

3. Program Description

The primary responsibility of GLAZA will be to seek and provide financial support toward the Zoo's operating budget and to help fund the Zoo's capital improvements.

GLAZA will accomplish this through the investment in, provision of and management of a full-scale Development Program. The Program will be designed to attract financial contributions and similar support from the private sector including, but not limited to, individuals, corporations, charitable foundations and local governments as stipulated in the Operating Agreement. It will incorporate both short- and long-term strategies to meet the Zoo's needs in this current fiscal year and future years.

GLAZA's financial support of the Zoo will be delivered to the Zoo in two ways:

A) through transfers of cash donations and gifts stipulated below, both restricted and unrestricted, for programs and projects defined by the Zoo Director and agreed to by GLAZA, based on these projects' appeal to the donor base; and

B) through the delivery of program services to the Zoo by GLAZA departments or programs such as special events, opening events, special exhibitions and programs, community relations and others, as requested by the Zoo Director and negotiated through separate agreements, and through advocacy and public relations efforts promoting philanthropy that will advance the Zoo's mission and well-being. The deliverance of additional program services such as publications and the volunteer program are provided for in the Membership MOU.

To implement the program successfully, GLAZA will supply appropriate development and fundraising personnel, campaign materials, cultivation events, financial management and database management to accomplish these goals. The Zoo will supply personnel as needed (such as the Zoo Director, curators, keepers, educators, other Zoo staff, and financial and operational management) to assist in the cultivation of donors, the tracking of Zoo's use of the monies raised and the development of appropriate, fundable projects that can be accomplished in a timely fashion.

The Zoo Director and the GLAZA President shall coordinate on the timing and implementation of this program, through the submission of an FY2016-17 development plan to the Zoo Director by the GLAZA President.

4. Detailed Program and Financial Arrangements

In FY2016-17, GLAZA's development programs will raise funds from a variety of sources including, but not limited to, individual, foundation and corporate cash and non-cash contributions, bequests and planned gifts, charitable events and institutional and government grants. These gifts may be:

4.1 Restricted Funds – Restricted funds are deemed restricted when a donor, whether an individual, corporation or foundation, requests that funds given to the Zoo will be expended for a specific purpose. These restricted funds are accounted for in projects established for each specific purpose. Priorities for the specific purpose for which GLAZA raises these funds are established by and with the Zoo Director. As an independent 501(c)(3) non-profit corporation, GLAZA is responsible for properly accounting for these funds and for ensuring that these funds are expended for the purpose requested by the donor. Expenditure of funds in restricted accounts requires the approval of both the Zoo Director, or his designee, and the GLAZA President, or her designee.

GLAZA will endeavor to raise \$2.3 million in restricted gifts for FY2016-17. This goal is comprised of any potential Zoo capital construction projects, general exhibit improvements, the behavioral enrichment program, education programs, "ADOPT an Animal" program, "NAME an Animal" program, and other Zoo programs and needs as requested by the Zoo Director. Net Restricted Funds raised will be transferred to restricted accounts. Expenditure will only be authorized for projects established for each specific purpose, and will require approval of both the Zoo Director and the GLAZA President. In 2016-17, GLAZA will prepare to raise funds for the anticipated Zoo Master Plan now being formulated by the Zoo.

It is important to note that major gifts for programs and capital projects come about as a result of careful identification and long-term cultivation of donors for specific projects. Donors signal their interests and make their gifts on a timetable that best suits their own philanthropic needs. While GLAZA has made every effort to identify and budget for likely gifts this fiscal year, the timing of gifts is controlled by the donors.

GLAZA will invest \$764,626 to pay expenses of raising this restricted capital as well as endowment funds. GLAZA will partially recoup costs for restricted fundraising through an indirect cost recovery rate of 7.5% on all restricted gifts. These costs represent an investment in capital fundraising for the Zoo that may have longer term benefits than reflected in the current year, and in anticipation of the Zoo's upcoming Master Plan.

4.2 Unrestricted Funds - GLAZA will also endeavor to raise up to \$2,935,000 (less expenses for the Beastly Ball, which are expected to total \$363,664) in unrestricted funds in FY2016-17 for the GLAZA operating budget

through the Beastly Ball, other special event fund raisers and programs including, but not limited to:

4.2.1 *Safari Society* - an annual fundraising program designed to attract individual donors to support the Zoo with unrestricted gifts of \$1500 and above;

4.2 *Business Partners* - an annual fundraising program designed to attract corporate donors to support the Zoo with unrestricted gifts of \$1500 and above and gifts to sponsor specific GLAZA events in support of fundraising;

4.2.2 *Exclusive or Official Product and Service Agreements* - negotiated by GLAZA together with the Zoo Director, or his designee and other sponsorships. These funds are generally unrestricted and support the Zoo's marketing program conducted by GLAZA. Occasionally, a sponsorship is designated for a specific Zoo program, such as Zoo Camp, and expenditure of those funds are restricted to the sponsor's designated purpose.

4.2.3 *Commemorative Programs* - providing opportunities for individuals, corporations and foundations to provide a gift in order to commemorate an occasion, person or program with a bench, tile or other appropriate item;

4.2.4 *General unrestricted donations and matching gifts;*

4.2.5 *Direct mail and email appeals* - for donations other than Membership.

GLAZA will invest \$757,144 to pay expenses of raising these unrestricted funds.

As a result of all its unrestricted fundraising efforts, GLAZA will gift the sum of \$300,000 to the Zoo Assistance Fund for conservation efforts, and will underwrite the costs of the GLAZA departments and activities discussed herein, such as Development, Information Technology, Special Events, Volunteers and other GLAZA produced or sponsored activities that "complete" the total operations of the Los Angeles Zoo, as well as the costs for finance and administration of GLAZA, including insurance.

4.3 *Bequests and Deferred Gifts* - These are gifts made to GLAZA via a bequest or other planned gift vehicle such as a trust or annuity, either restricted or unrestricted. If GLAZA receives a bequest for which the donor has not restricted the funds for a specific purpose, GLAZA's current policy is to apply these funds towards the endowment. GLAZA's expenses of managing these bequests, and cultivating future bequests and endowment gifts is included in its restricted fundraising expenses cited above in Section 4.1.

Bequests that have restrictions, either temporarily-restricted for program purposes, or permanently-restricted for endowment purposes, are also cultivated and received.

Permanently restricted endowment gifts are invested in GLAZA's Endowment Fund, which is invested separately from all other GLAZA cash, and which is managed to secure the Zoo's future. By current Board policy, up to 5% of the average market value of the Endowment Fund over the past three years may be expended by GLAZA annually as designated by GLAZA Trustees. The percentage of the Endowment Fund that may be expended annually is under review in 2016-17 to determine if this percentage is appropriate in the current economy. In the past, expenses funded through the Endowment Fund proceeds have included the Proposition A2 campaign, Proposition CC campaign, the Elephants of Asia exhibit, and restricted fundraising expenses.

4.4 Special and Community Events and Travel Programs – GLAZA will staff a Special Events Department which will be responsible for coordinating all member events, donor events such as the Sunset Safari, the annual Beastly Ball, Roaring Nights, Family Jam, Brew at the Zoo, volunteer recognition events, Zoo exhibit and habitat openings, Zoo receptions, VIP tours, domestic and international travel programs, and promotional events, such as Big Bunny and Boo at the Zoo. The goals of these events will be to increase attendance to the Zoo, increase the number of Zoo members and cultivate them to renew and increase their gifts, cultivate donors to give, renew, and increase their gifts, to cultivate new donors through fundraising events, to serve general Zoo visitors, and to host important guests to the Zoo. The Travel Programs are a cultivation tool for current and future donors by providing them with opportunities to visit areas of wildlife interest, often accompanied by Zoo and/or GLAZA staff. Zoo and GLAZA staff will work together on the scheduling, planning, execution and analysis of these events. Events will follow the Zoo's standard Activity Request procedure. GLAZA will pay the \$426,111 for GLAZA Special Events department and non- Beastly Ball event costs.

GLAZA's annual major fundraising event is the Beastly Ball, scheduled for June 10, 2017. Funds may be raised through sponsorships, ticket sales, silent and live auctions, donations and a program book or other devices. It is expected that 800+ individuals will attend this fund raiser. GLAZA expects to net as much as \$1,150,336 from this event.

GLAZA and the Zoo have embarked on a series of events geared towards a new audience of people age 21 and over. Brew at the Zoo is a summer evening of local craft beer tasting, pub-style food and local bands. Four Roaring Nights are summer events that include entertainment, food trucks, and more. Family Jam, similar to Roaring Nights, is an event that attracts families. The revenue generated through ticket sales will be used to offset the cost of the event with the net proceeds to be transferred to the Zoo towards the Marketing MOU goals.

4.5 Community Relations – Community relations strengthens relationships with individuals and organizations in the community who need to be aware of Zoo programs, or who are assisting the Zoo in some aspect of its operations or programs. GLAZA will fund the purchase of a table at The Autry National Center's Annual Gala in September,

in a reciprocating "good neighbor" support program. In turn, the Autry purchases a table at the Beastly Ball. GLAZA will pay the \$7,500 for these Community Relations costs.

5. Other Matters

5.1 Monthly reports of development activity with explanations of any budget deviations will be provided to the Zoo Director, or his designee.

5.2 GLAZA will endeavor to raise funds efficiently by incorporating best practices of the non-profit industry.

5.3 GLAZA is the primary, but not exclusive, organization authorized to solicit individual, corporate, government and foundation funds and contributions on behalf of the City for the Zoo. Prior to the Zoo Director's approval of any fundraising activity proposed by another organization, the Zoo Director and the GLAZA President shall coordinate the proposed activity's timing and format to make certain that it does not interfere with GLAZA's fundraising plans and calendar.

6. Miscellaneous Provisions

6.1 *Choice of Law & Venue* - Each party's performance hereunder shall comply with all applicable laws of the United States of America, the State of California, and the City of Los Angeles. Unless where preempted by Federal laws, this MOU shall be enforced and interpreted under the laws of the State of California and the City of Los Angeles, without any regards to the conflict of law principles. Parties hereby agree to submit to the exclusive jurisdiction of and venue in the courts of competent jurisdiction in the County of Los Angeles in any disputes related to or arising out of this MOU.

6.2 *Merger* - This MOU constitutes the full agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements or MOUs, whether written or oral, with respect to such subject matter.

6.3 *No Intended Third Party Beneficiaries* - Parties herein do not in any way intend to create or confer any benefits to any third party.

6.4 *Waivers* - The failure to exercise any remedy or to enforce any right provided in this MOU shall not constitute a waiver of such remedy or right or of any other remedy or right provided herein. A Party shall be deemed to have waived any remedies or rights hereunder only if such waiver shall be in writing expressly.

6.5 *Assistance* - During the term of this MOU, each Party shall provide such reasonable assistance and cooperation as the other Party may require in connection with performance of the duties and obligations of each Party under this MOU.

6.6 *Assignment* - GLAZA shall not, by contract, operation of law, or otherwise, assign any rights under this MOU (in whole or in part), or delegate performance of any of obligations under this MOU without the Zoo's prior written consent.

6.7 *Headings* - Article and section headings used in this MOU are inserted for convenience only and are not intended to be part hereof or in any way to define, limit, describe or to otherwise be used in interpreting the scope and intent of the particular provisions to which they refer.

6.8 *Representation and Counseling* - Each Party was represented by legal counsel during the execution of this MOU.

6.9 *References to Other Agreements* - All references in this MOU to other agreements or past practices are for reference purposes only, and do not purport to provide validity or interpretation to the reference, the dates of execution, the term of the agreements or the stated purpose or authority of the agreements. The references are mere recitals without legal authority.

Signature page follows:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written below.

FOR: The CITY OF LOS ANGELES,
Municipal Corporation
Acting by and through its
Zoo Department

For: GREATER LOS ANGELES ZOO A
ASSOCIATION (GLAZA)

By: _____
JOHN R. LEWIS
General Manager
Zoo Department

By: _____
CONNIE M. MORGAN
President
GLAZA

Date: _____

Date: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER, City Attorney

ATTEST:
HOLLY L. WOLCOTT, City Clerk

By: _____
DOV S. LESEL
Assistant City Attorney

By: _____
Title: _____

Date: _____

Date: _____

TERM OF THIS AGREEMENT: July 1, 2016 to June 30, 2017

Executed this ____ day of _____, 2016.

BUSINESS TAX REGISTRATION CERTIFICATE NO: _____

AGREEMENT NO: _____