

Repl # 10

AUG 14 2008



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Where Values Make The Difference

MEMORANDUM

Community Services Department Memo No. 09-034

DATE: AUGUST 13, 2008

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER 

FROM: MARK M. EYNATTEN, COMMUNITY SERVICES DIRECTOR 

SUBJECT: AGREEMENT WITH CHANDLER HISTORICAL SOCIETY

Attached is a revised agreement between the City and Chandler Historical Society for operation of the existing Museum. This revised agreement identifies the effective date as August 15, 2008. It also incorporates the methodology for conducting the audit as Exhibit A. That exhibit is referenced in Section 8 of the agreement. Finally, language has been included in that section to clarify the term "reasonable open access" and to establish that failure to comply with Section 8 and Exhibit A shall be considered a material breach of the agreement, subject to termination as outlined in Section 22.

It is our hope that those revisions address the concerns expressed by Council at the August 11, 2008 study session.

cc: Rich Dlugas, Asst. City Manager

**Agreement
between
The City of Chandler, Arizona
and the
The Chandler Historical Society, Inc.
Regarding the Existing Chandler Museum**

This Agreement ("Agreement") is entered into this _____ day of _____ 2008, between the City of Chandler, Arizona (the "City") and the Chandler Historical Society, Inc., an Arizona non-profit corporation ("CHS")(collectively the "Parties"). This Agreement shall become effective on August 15, 2008 (the date signed by both Parties and approved by the Chandler City Council) ("Effective Date").

- 1 **Purpose:** The Purpose of this Agreement is to document the respective roles, rights, obligations, and responsibilities of the City and CHS with respect to the daily operation of the Existing Museum facility known as the Chandler Museum, located at 178 E. Commonwealth Avenue, Chandler, Arizona 85225. This Agreement will **NOT** outline any issues related to a New Museum. When a New Museum is built it is the intention of the Parties to enter into a second Agreement between the City and CHS regarding the New Museum.
- 2 **Facility:**
 - 2.1 **Ownership:** The building located at 178 E. Commonwealth Avenue, Downtown Chandler AZ 85225 that is the location of the Existing Museum is owned by the City.
 - 2.2 **Maintenance Costs:** Pursuant to the terms of the Lease Agreement between the Parties, signed on March 12, 2002, as amended, and effective until December 31, 2008, the City shall provide at no cost to CHS preventative and normal maintenance of the Existing Museum facility and grounds including all utility costs.
 - 2.3 **Insurance:** The City agrees to provide insurance on CHS equipment, furnishings, and museum collections located inside the Existing Museum facility for a total limit of liability of \$100,000.00 in the case of loss or damages for the period of this Agreement. Standard exclusions apply, and the City shall be responsible for any applicable deductible.
- 3 **Personnel:**
 - 3.1 **Museum Employees:** Upon the Effective Date of this Agreement, all current persons employed to operate Existing Museum (Existing Employees) shall be hired through a temporary agency on contract with the City, as either part-

time or full-time employees. The City will pay these Existing Employees their current rate of pay, will allow the Existing Employees to keep their individually-accrued vacation and sick time upon the Effective Date of this Agreement and the Existing Employees shall be allowed to retain current vacation and sick balances during their contractual employment or cash out the vacation balances at any time. The City shall have the decision and responsibility for hiring, supervising, evaluating and terminating these Existing Employees as contract employees.

3.2 Staff Reporting: The City's Museum Administrator will direct and allocate staff time for the operations of the Museum and will monitor all staffing of CHS activities to ensure that all activities benefit the Existing Museum operation thereby further enhancing CHS's fundraising role for the Museum. The Museum Administrator will provide a quarterly report of these support hours to the Museum Advisory Board.

3.3 Staff Support for CHS: Subject to the Museum Administrator's discretion, Museum staff will provide reasonable staff support for CHS fundraisers, newsletter, marketing, membership meetings, speaker meetings, and CHS business meetings. CHS may request, but shall not be guaranteed, additional staffing support from the Museum Administrator.

3.4 CHS Employees: CHS reserves the right to hire CHS employee(s) separate from the Existing Employees and City employees operating the Existing Museum. Such staff person(s) would be employed by CHS from the CHS operations budget to complete their activities and events. CHS would direct the work of such employee(s) and be entirely responsible for such CHS employee(s)' hiring and benefits.

- 4 **Organization:** The Existing Museum will be operated as a part of the City's Community Services Department; however, the City Manager shall have the authority to reassign the Museum's operational placement and chain of command within the City's organizational structure. The Chandler City Council shall act as the governance body for the Existing Museum. CHS shall be the non-profit community support group, fundraising, and outreach body for the Existing Museum.
- 5 **Notice Requirement:** CHS shall provide written notice to the Museum Administrator no later than twenty-four (24) hours in advance prior to any CHS Board of Directors' and Executive Committee meetings. CHS shall provide the Museum Administrator, copies of complete minutes of all such meetings no later than ten (10) days after any such minutes are available. The Museum Administrator shall be entitled to attend all such meetings, but shall not be entitled to a vote.
- 6 **Daily Operation of the Existing Museum:** The Museum Administrator shall be responsible for all decisions and actions related to the daily operation of the Existing Museum. This daily operation includes but is not limited to days and hours of operations, staffing schedules and

other schedules, use by City and non-city groups, exhibits, public programs, marketing, revenue generation, and budgeting.

- 7 **Coordination of CHS Activities:** All scheduled CHS uses of the Existing Museum shall be coordinated with and approved by the Museum Administrator. Reasonable arrangements shall be made with CHS for the use of the Existing Museum for the purposes of meetings and fundraising to support the Existing Museum. CHS shall coordinate all CHS fundraisers with the Museum Administrator to allow for city staff support and prevent any potential conflict with scheduled Museum plans and staffing schedules. CHS and the Museum Administrator agree to create an annual schedule showing all CHS meeting and activities to maximize coordination and cooperation.

- 8 **CHS Financial Records:** No later than 5:00 p.m. on Monday, August 18, 2008, CHS shall provide the City's internal auditor reasonable open access to CHS books, financial records, staff and officers so the internal auditor can perform a review of CHS operations during the last three years. CHS and the City auditor shall discuss and agree upon those items and records necessary and appropriate for copying or reproduction. Reasonable open access shall mean, at a minimum, open access to the statements, records, reports and documents as set forth and generally described in Exhibit A, attached hereto and incorporated herein. Failure to comply with this Section 8 and Exhibit A shall be considered a material breach of this Agreement and subject to termination pursuant to Section 22 herein. The City shall be responsible for all CHS costs associated with this initial audit. No less than on an annual basis, the City has the right to request and CHS shall provide a certified independent audit and annual report for the City to review.

- 9 **CHS Fund Support:** No later than June 30, 2009, CHS agrees to pay \$44,000 from its operating budget to the City for the purpose of assisting in the operational support and staffing of the Existing Museum. The \$44,000 shall be paid in three (3) payments. The first of these three payments will be invoiced fourteen days (14) following the completion of the CHS fundraiser commonly known as the Annual Celebrate Chandler Charity Golf Tournament, and payment is due to the City thirty (30) days after the invoice date. The second of the three payments will be invoiced fourteen days (14) following the completion of the CHS fundraiser commonly known as the Chandler Sports Hall of Fame, and payment is due to the City thirty (30) days after the invoice date. The third of three payments will be invoiced fourteen days (14) following the completion of the CHS fundraiser commonly known as the Annual Pioneer Luncheon, and payment is due to the City thirty (30) days after the invoice date. The term of the CHS contribution will be for one year from the Effective Date. At the conclusion of that year, both the City and CHS will review the Agreement and availability of contributions for future years and, if possible, execute a written amendment setting forth the terms of payment for the following year or years. As set forth in Section 3.4 herein, the City shall provide reasonable staffing support of CHS activities.

- 10 **City Fund Support:** For FY 2009, the City will continue to fund \$75,000 in ongoing funds, \$30,000 in one time funds and \$18,685 in support funding for the Existing Museum operations by allocating those funds to the Museum cost center 4560. The City will allocate

an additional \$25,149 to cost center 4560 for the projected cost increases of operating the Existing Museum for FY 2009.

- 11 **CHS Fundraising for Existing Museum:** CHS shall continue to hold fund-raising events, pursue grants, and solicit donors, foundations, and other potential funding organizations in order to support the Existing Museum's collections development, endowment funds, museum exhibits, museum capital projects, and public programs.
- 12 **CHS Grant Funds:** All grant monies received by CHS will be used by CHS to complete the projects for which the grants were received. CHS will coordinate all grant applications and grant activities with the Museum Administrator for any and all grants that shall affect the operation of the Existing Museum.
- 13 **CHS Grants and Solicitations:** CHS will confer and consult with the Museum Administrator concerning submission of grant applications, and solicitation of potential donors to coordinate space requirements, scheduling needs, exhibit requirements and maximize developmental opportunities for the Existing Museum.
- 14 **CHS Purchases for Existing Museum:** CHS shall obtain Museum Administrator's approval prior to making any major expenditure of CHS funds for additions or changes to the Existing Museum.
- 15 **CHS Collection:** CHS shall retain ownership of the current objects in its collections until a formal transfer agreement for these collections is executed between the City and CHS. The City is under no obligation to display 100% of CHS's collection. The Museum Administrator is responsible for determining the extent and breadth of collections displayed. Upon the Effective Date of this Agreement, CHS will continue to collect objects and process them as usual for the CHS collection until a City museum collection is established, a collection policy governing the City museum collections is approved, and a transfer agreement governing the CHS museum collection is approved by the City. The City is under no obligation to accept 100% of CHS's collection as part of the City's museum collection, nor is the City under any obligation to keep Museum collection items in perpetuity. The City reserves the right to de-accession any item transferred from CHS's collection.
- 16 **Transfer of CHS Collection to the City:** Both Parties agree to actively pursue the transfer of ownership of the existing CHS collections to the City on terms that are mutually acceptable to both Parties. Both Parties agree to form a combined committee to outline the terms of the transfer of collections from CHS to the City within six (6) months of the execution of this Agreement. Both Parties agree to develop a formal process to govern the transfer of collections from CHS to the City so the policy is established within one (1) year of the execution of this Agreement. The City retains the right to refuse any and all individual objects from CHS collections.
- 17 **Dissolution of Museum:** If the City decides to end its involvement with the Existing Museum and the museum dissolves, and if the CHS collection has not been transferred to the City, ownership of the items that made up the CHS collections shall remain with CHS. If

CHS declines to accept or retain these collections and/or CHS is unable to care for and maintain these collections, the collections will be offered to the Arizona Historical Society (AHS). Any and all collections not accepted or retained by CHS or AHS shall be de-accessioned according to current profession museum standards.

- 18 Gift Shop:** Upon the Effective Date of this Agreement, the City shall provide space in the Existing Museum for the operation of a Gift Shop. All costs to equip, stock and operate the Gift Shop shall be the responsibility of CHS. CHS is responsible for all cost associated with credit card purchases for the Gift Shop. CHS shall develop written policies and procedures for the operation of the Gift Shop. Merchandise selections, financial operations, and warehousing of products shall be the responsibility of CHS. Existing Employees shall staff daily operation of the Gift Shop in accordance with all policies and procedures outlined by CHS. CHS shall name a representative to address any issues in regards to Gift Shop including purchasing of merchandise, balancing Gift Shops sales and make deposits of sales revenue to CHS accounts. As needed, the Museum Administrator or his designee shall make recommendations on appropriate merchandise selection. Fifty percent (50%) of the net profits of the Gift Shop shall be paid to the City for use in collection development, exhibits and/or public programs that enhance the mission of the Existing Museum.
- 19 Existing Museum Furniture and Equipment:** CHS owns all of the current furniture and equipment in the Existing Museum. CHS agrees to allow the City to utilize the furniture and equipment for the operation of the Existing Museum.
- 20 CHS Administrative Offices:** The City shall designate reasonable space in the Existing Museum to serve as an administrative office for CHS and will provide reasonable access to all CHS volunteers and staff to use such office. CHS shall be responsible for purchasing all office supply materials used by CHS. CHS is responsible for all of its own financial transactions. City employees will not make any bank deposits, prepare checks, or other financial transactions for CHS. City staff will direct all financial transactions to the CHS Treasurer or their designee. City staff will deposit all mail and packages received for CHS unopened in an agreed upon location in CHS's administrative offices. CHS shall be responsible for all employment costs for staffing CHS's administrative office space.
- 21 Term of Agreement :** The term of this Agreement commences on the Effective Date and continues for one (1) year. Both Parties agree to meet and review the terms of this Agreement no later than ninety (90) days prior to the end of the one (1) year from the Effective Date, to determine if both Parties agree to any extension of the Term and any necessary amendments to the Agreement. If the Parties agree to an extension and other amendments, this Agreement shall be amended in writing and approved by City Council prior to the effectiveness of such amendment.
- 22 Termination:** Either party may terminate this Agreement by giving the other party written notice of termination. Termination shall be effective ninety days (90) after receipt of such notice by the non-terminating party. During this ninety days (90) period, if necessary, both Parties may agree to submit to a mediation process regarding the termination of the Agreement by a mutually agreed upon third party. The Parties may jointly agree to terminate

this Agreement and such a termination shall be effective immediately upon the execution of a written agreement to that effect by both parties.

23 Amendments: This Agreement may be modified or amended only by a written agreement executed by both Parties hereto and approved by Chandler City Council.

24 Governing Law: This Agreement shall be governed by and constructed under the laws of the State of Arizona.

25 No Partnership: It is understood and agreed between the Parties hereto that nothing herein contained shall be deemed, held or construed as the creation of a partnership or joint venture as between the Parties hereto.

WHEREFORE, the Parties have executed this Agreement effective as of the date first written above.

CITY OF CHANDLER, ARIZONA

CHANDLER HISTORICAL SOCIETY, INC.

By: _____

By: Jan Kallera

Title: _____

Title: PRESIDENT

Exhibit A

Museum Audit Methodology

The objectives of the proposed audit are as follows:

- Determine the actual annual revenue of the Chandler Historical Society.
- Determine the actual annual cost to operate the museum.

To achieve these objectives it will be necessary to review original source documents that evidence revenues and expenditures in order to trace their information to bank statements, check registers, subsidiary records, financial statements, and/or summary financial reports. It is anticipated that work will focus on records from July 1, 2005 to present but this will hinge on how Historical Society records are maintained.

At the start of the audit it will be necessary to obtain insight from appropriate Historical Society staff as to the available records and the processes used to track revenues and expenditures. The audit methodology will be influenced by the form and content of the available records but in general it will be necessary to review records (whether in hardcopy or electronic format) of the following nature:

- Statements, reconciliations, and related documents (i.e. remittance advices, withdrawal slips/advices, notices of corrections, etc) for all financial accounts used by the Historical Society.
- Invoices, credit card statements, payment receipts, check registers, payroll records and any other original source documents that evidence Historical Society and museum related expenditures.
- Donor records, donor checks, gate receipts, records of ticket sales and all other documentation that evidences contributions or revenues that have been provided to the Historical Society.
- Tax and/or informational forms required to be filed with state and federal government agencies regarding the financial operations of the Historical Society and the Museum.

While it may be necessary to review the documents referenced above, the specific names, addresses, bank account numbers, or any other personal donor information is not critical to the performance of this audit. No such specific information will be copied, transcribed, documented, or memorialized in any fashion. The focus of the audit will be on financial information not the identities of donors. Upon completion of the audit a report will be generated to communicate findings relative to the above-mentioned objectives. This report will be directed to the City Manager and may be used by City staff in determining future actions.

#10

AUG 14 2008



Chandler - Arizona
Where Values Make The Difference

MEMORANDUM

Community Services Department Memo No. 08-021

DATE: AUGUST 8, 2008

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
MARK M. EYNATTEN, COMMUNITY SERVICES DIRECTOR *ME*

FROM: JODY A. CRAGO, MUSEUM ADMINISTRATOR *JAC*

SUBJECT: AGREEMENT RE: TRANSFER OF MUSEUM OPERATIONS

In May 2008, City staff began negotiations with Chandler Historical Society (CHS) to develop an agreement that would encompass issues regarding the City assuming the daily operations of the existing Chandler Museum. City staff and CHS have reached an agreement that is acceptable to both parties. That negotiated agreement is attached.

The agreement retains several key points of interest to the City including:

1. **Audit:** CHS shall provide the City's internal auditor reasonable open access to CHS books, financial records, staff and officers so the internal auditor can perform a review of CHS operations during the last three years. CHS and the City auditor shall discuss and reasonably agree upon those items and records necessary for the performance of the audit and those items and records appropriate for copying or reproduction. The City shall be responsible for all CHS costs associated with this initial audit. No less than on an annual basis, the City has the right to request and CHS shall provide a certified independent audit and annual report for the City to review. To alleviate CHS concerns over privacy of individual donor information, the City's internal auditor provided a written methodology for conducting the audit of CHS financial records.
2. **CHS Fund Support:** CHS agrees to pay \$44,000 from its operating budget to the City for the purpose of assisting in the operational support and staffing of the existing Museum. The \$44,000 shall be paid in three (3) payments. These payments will be due forty-five (45) days following CHS's main three fundraisers: the Annual Celebrate Chandler Charity Golf Tournament, the Chandler Sports Hall of Fame, and the Annual Pioneer Luncheon.

3. **Daily Operation of the Existing Museum:** The City's Museum Administrator shall be responsible for all decisions and actions related to the daily operation of the existing Museum.
4. **CHS Collection:** CHS shall retain ownership of the current objects in its collections until a formal transfer agreement for these collections is executed between the City and CHS. Both Parties agree to actively pursue the transfer of ownership of the existing CHS collections to the City on terms that are mutually acceptable to both Parties. Until this transfer is executed the Museum Administrator is responsible for determining the extent and breadth of collections displayed in the Museum.
5. **Term of Agreement:** The term of this Agreement commences on the Effective Date and continues for one (1) year. Both Parties agree to meet and review the terms of this Agreement no later than ninety (90) days prior to the end of the one (1) year from the Effective Date, to determine if both Parties agree to any extension of the Term and any necessary amendments to the Agreement. If the Parties agree to an extension and other amendments, this Agreement shall be amended in writing and approved by City Council prior to the effectiveness of such amendment.
6. **Termination:** Either party may terminate this Agreement by giving the other party written notice of termination. Termination shall be effective ninety days (90) after receipt of such notice by the non-terminating party. During this ninety days (90) period, if necessary, both Parties agree to submit to a mediation process regarding the termination of the Agreement by a mutually agreed upon third party. The Parties may jointly agree to terminate this Agreement and such a termination shall be effective immediately upon the execution of a written agreement to that effect by both parties.

It is City staff's recommendation that Mayor and Council adopt this negotiated agreement.

Should you have any questions, I am available at your convenience to respond.

cc: Rich Dlugas, Asst. City Manager

**Agreement
between
The City of Chandler, Arizona
and the
The Chandler Historical Society, Inc.
Regarding the Existing Chandler Museum**

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- 1 Purpose:** The Purpose of this Agreement is to document the respective roles, rights, obligations, and responsibilities of the City and CHS with respect to the daily operation of the Existing Museum facility known as the Chandler Museum, located at 178 E. Commonwealth Avenue, Chandler, Arizona 85225. This Agreement will **NOT** outline any issues related to a New Museum. When a New Museum is built it is the intention of the Parties to enter into a second Agreement between the City and CHS regarding the New Museum.
- 2 Facility:**

 - 2.1 Ownership:** The building located at 178 E. Commonwealth Avenue, Downtown Chandler AZ 85225 that is the location of the Existing Museum is owned by the City.
 - 2.2 Maintenance Costs:** Pursuant to the terms of the Lease Agreement between the Parties, signed on March 12, 2002, as amended, and effective until December 31, 2008, the City shall provide at no cost to CHS preventative and normal maintenance of the Existing Museum facility and grounds including all utility costs.
 - 2.3 Insurance:** The City agrees to provide insurance on CHS equipment, furnishings, and museum collections located inside the Existing Museum facility for a total limit of liability of \$100,000.00 in the case of loss or damages for the period of this Agreement. Standard exclusions apply, and the City shall be responsible for any applicable deductible.
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 - 3.1 Museum Employees:** Upon the Effective Date of this Agreement, all current persons employed to operate Existing Museum (Existing Employees) shall be hired through a temporary agency on contract with the City, as either part-

time or full-time employees. The City will pay these Existing Employees their current rate of pay, will allow the Existing Employees to keep their individually-accrued vacation and sick time upon the Effective Date of this Agreement and the Existing Employees shall be allowed to retain current vacation and sick balances during their contractual employment or cash out the vacation balances at any time. The City shall have the decision and responsibility for hiring, supervising, evaluating and terminating these Existing Employees as contract employees.

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- 8 **CHS Financial Records:** No later than 5:00 p.m. of the day immediately following the Effective Date of this Agreement, CHS shall provide the City's internal auditor reasonable open access to CHS books, financial records, staff and officers so the internal auditor can perform a review of CHS operations during the last three years. CHS and the City auditor shall discuss and reasonably agree upon those items and records necessary for the performance of the audit and those items and records appropriate for copying or reproduction. The City shall be responsible for all CHS costs associated with this initial audit. No less than on an annual basis, the City has the right to request and CHS shall provide a certified independent audit and annual report for the City to review.
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- 11 **CHS Fundraising for Existing Museum:** CHS shall continue to hold fund-raising events, pursue grants, and solicit donors, foundations, and other potential funding organizations in order to support the Existing Museum's collections development, endowment funds, museum exhibits, museum capital projects, and public programs.
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- 13 **CHS Grants and Solicitations:** CHS will confer and consult with the Museum Administrator concerning submission of grant applications, and solicitation of potential donors to coordinate space requirements, scheduling needs, exhibit requirements and maximize developmental opportunities for the Existing Museum.
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- 16 **Transfer of CHS Collection to the City:** Both Parties agree to actively pursue the transfer of ownership of the existing CHS collections to the City on terms that are mutually acceptable to both Parties. Both Parties agree to form a combined committee to outline the terms of the transfer of collections from CHS to the City within six (6) months of the execution of this Agreement. Both Parties agree to develop a formal process to govern the transfer of collections from CHS to the City so the policy is established within one (1) year of the execution of this Agreement. The City retains the right to refuse any and all individual objects from CHS collections.
- 17 **Dissolution of Museum:** If the City decides to end its involvement with the Existing Museum and the museum dissolves, and if the CHS collection has not been transferred to the City, ownership of the items that made up the CHS collections shall remain with CHS. If CHS declines to accept or retain these collections and/or CHS is unable to care for and maintain these collections, the collections will be offered to the Arizona Historical Society

(AHS). Any and all collections not accepted or retained by CHS or AHS shall be de-accessioned according to current profession museum standards.

- 18 Gift Shop:** Upon the Effective Date of this Agreement, the City shall provide space in the Existing Museum for the operation of a Gift Shop. All costs to equip, stock and operate the Gift Shop shall be the responsibility of CHS. CHS is responsible for all cost associated with credit card purchases for the Gift Shop. CHS shall develop written policies and procedures for the operation of the Gift Shop. Merchandise selections, financial operations, and warehousing of products shall be the responsibility of CHS. Existing Employees shall staff daily operation of the Gift Shop in accordance with all policies and procedures outlined by CHS. CHS shall name a representative to address any issues in regards to Gift Shop including purchasing of merchandise, balancing Gift Shops sales and make deposits of sales revenue to CHS accounts. As needed, the Museum Administrator or his designee shall make recommendations on appropriate merchandise selection. Fifty percent (50%) of the net profits of the Gift Shop shall be paid to the City for use in collection development, exhibits and/or public programs that enhance the mission of the Existing Museum.
- 19 Existing Museum Furniture and Equipment:** CHS owns all of the current furniture and equipment in the Existing Museum. CHS agrees to allow the City to utilize the furniture and equipment for the operation of the Existing Museum.
- 20 CHS Administrative Offices:** The City shall designate reasonable space in the Existing Museum to serve as an administrative office for CHS and will provide reasonable access to all CHS volunteers and staff to use such office. CHS shall be responsible for purchasing all office supply materials used by CHS. CHS is responsible for all of its own financial transactions. City employees will not make any bank deposits, prepare checks, or other financial transactions for CHS. City staff will direct all financial transactions to the CHS Treasurer or their designee. City staff will deposit all mail and packages received for CHS unopened in an agreed upon location in CHS's administrative offices. CHS shall be responsible for all employment costs for staffing CHS's administrative office space.
- 21 Term of Agreement :** The term of this Agreement commences on the Effective Date and continues for one (1) year. Both Parties agree to meet and review the terms of this Agreement no later than ninety (90) days prior to the end of the one (1) year from the Effective Date, to determine if both Parties agree to any extension of the Term and any necessary amendments to the Agreement. If the Parties agree to an extension and other amendments, this Agreement shall be amended in writing and approved by City Council prior to the effectiveness of such amendment.
- 22 Termination:** Either party may terminate this Agreement by giving the other party written notice of termination. Termination shall be effective ninety days (90) after receipt of such notice by the non-terminating party. During this ninety days (90) period, if necessary, both Parties agree to submit to a mediation process regarding the termination of the Agreement by a mutually agreed upon third party. The Parties may jointly agree to terminate this Agreement and such a termination shall be effective immediately upon the execution of a written agreement to that effect by both parties.

23 **Amendments:** This Agreement may be modified or amended only by a written agreement executed by both Parties hereto and approved by Chandler City Council.

24 **Governing Law:** This Agreement shall be governed by and constructed under the laws of the State of Arizona.

25 **No Partnership:** It is understood and agreed between the Parties hereto that nothing herein contained shall be deemed, held or construed as the creation of a partnership or joint venture as between the Parties hereto.

WHEREFORE, the Parties have executed this Agreement effective as of the date first written above.

CITY OF CHANDLER, ARIZONA

CHANDLER HISTORICAL SOCIETY, INC.

By: _____

By: *Jim Patterson*

Title: _____

Title: President

APPROVED AS TO FORM

CITY ATTORNEY *ms*

From: Jody.Crago@chandleraz.gov
To: chandlermuseum@aim.com; jim patterson <djpcrevins@cybertrails.com>
Cc: Mark.Eynatten@chandleraz.gov
Subject: Museum Agreement
Date: Tue, 5 Aug 2008 11:44 am
Attachments: Museum_Audit_Methodology.doc (23K), Museum_Agreement_08-5-08.doc (79K)

Dear CHS Board members:

Jim Patterson asked me to attach an e-mail with the latest draft of the Museum Agreement regarding the City assuming daily operation of the Chandler Museum. He wanted me to address some specific questions that came up in addition to what is stated in the Agreement.

1. The City will allow the current museum employees to keep their individually-accrued vacation and sick time upon the effective date of the Agreement and the employees shall be allowed to retain current vacation and sick balances during their contractual employment or cash out the vacation balances at any time.
2. The current museum employees will be paid at their current rate of pay which includes the rate of their annual bonuses divided over 52 weeks at their approved hours per week. These amounts are equal to the pay rates that were provided to the City by Jan Dell on June 19, 2008.
3. The Museum Division has put \$2,000.00 in the Education and Training line of its budget for the by the Existing Museum employees.

I have attached the latest version of the Museum Agreement. I have also attached a new version of the Museum Audit Methodology.

As always if you have questions or comments, please do not hesitate to contact me. Thank you.

Jody A. Crago
Museum Administrator
City of Chandler, Arizona
480-782-2668
jody.crago@chandleraz.gov

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Museum Audit Methodology

The objectives of the proposed audit are as follows:

- Determine the actual annual revenue of the Chandler Historical Society.
- Determine the actual annual cost to operate the museum.

To achieve these objectives it will be necessary to review original source documents that evidence revenues and expenditures in order to trace their information to bank statements, check registers, subsidiary records, financial statements, and/or summary financial reports. It is anticipated that work will focus on records from July 1, 2005 to present but this will hinge on how Historical Society records are maintained.

At the start of the audit it will be necessary to obtain insight from appropriate Historical Society staff as to the available records and the processes used to track revenues and expenditures. Here again, the audit methodology will be influenced by the form and content of the available records but in general it will be necessary to review records (whether in hardcopy or electronic format) of the following nature:

- Statements, reconciliations, and related documents (i.e. remittance advices, withdrawal slips/advices, notices of corrections, etc) for all financial accounts used by the Historical Society.
- Invoices, credit card statements, payment receipts, check registers, payroll records and any other original source documents that evidence Historical Society and museum related expenditures.
- Donor records, donor checks, gate receipts, records of ticket sales and all other documentation that evidences contributions or revenues that have been provided to the Historical Society.
- Tax and/or informational forms required to be filed with state and federal government agencies regarding the financial operations of the Historical Society and the Museum.

While it may be necessary to review the documents referenced above, the specific names, addresses, bank account numbers, or any other personal donor information is not critical to the performance of this audit. No such specific information will be copied, transcribed, documented, or memorialized in any fashion. The focus of the audit will be on financial information not the identities of donors. Upon completion of the audit a report will be generated to communicate findings relative to the above-mentioned objectives. This report will be directed to the City Manager and may be used by City staff in determining future actions.