



December 11, 2020

TO: CADA Board of Directors
Capitol Area Community Development Corporation

SUBJECT: **December 18, 2020, Board Meeting**
AGENDA ITEM 13
EXECUTION OF AN ADMINISTRATIVE SERVICES AGREEMENT BETWEEN
CADA AND THE CAPITOL AREA COMMUNITY DEVELOPMENT
CORPORATION

CONTACT PERSON: Todd Leon, CADA Development Director
Wendy S. Saunders, Executive Director

RECOMMENDED ACTION:

Staff recommends the CADA Board of Directors and the Capitol Area Community Development Corporation (CACDC) renew the Administrative Services Agreement between the two parties that addresses the manner by which CADA provides staff services for and be compensated by the CACDC.

BACKGROUND

During the Great Recession, the State of California contemplated dissolving CADA as a part of various actions aimed at reducing the State budget deficit. In light of the State's intent, CADA established the CACDC as a part of the "Transition Plan" to be the successor entity to CADA upon CADA's dissolution. While the State ceased its efforts to dismantle CADA, the CACDC, as a 501(c)(3) nonprofit, is a useful vehicle for pursuit of various activities only available to nonprofits. For the 1717 S Street project, for example, CACDC serves as the development entity's managing general partner since a 501(c)(3) must serve in that capacity for the project to be eligible for affordable housing tax credits and a property tax exemption status for affordable housing units.

On March 25, 2016, the CADA and CACDC Boards approved and authorized entering into an Administrative Services Agreement where CADA staff would serve as the staff to the CACDC. The initial term of the 2016 agreement was for 3 years.

On March 25, 2019 the CACDC and CADA Administrative Services Agreement ended. Staff overlooked length of the agreement's term and has yet to bring a request for a contract extension to the CADA and CACDC Boards. In the meantime, CADA staff has continued to work on behalf of the CACDC to finance and develop the 1717 S Street Affordable Housing project, which closed financing on October 27, 2020.

ANALYSIS

The CACDC does not have a staff of its own to carry out its activities. The attached Administrative Services Agreement describes that CADA staff will continue serving as staff to CACDC, and that CADA will continue to provide the CACDC with quarterly billing statements that reflect CADA's time working for CACDC projects. The Agreement also states that, until the CACDC has an independent source of revenue, CADA will not seek reimbursement for staff services.

It is not uncommon for public agencies to create nonprofits to carry out work that is better suited to be undertaken by a nonprofit entity. The City of Sacramento, for example, has several nonprofits, including the Downtown Sacramento Revitalization Corporation, Sacramento Heritage, Inc., and Gifts to Share. In such instances it is typical that agency staff provide staff services to the nonprofit in the manner recommended by this report. Ideally, the nonprofit will establish separate sources of income so that it may pay for its own activities.

The 1717 S Street project has proven that the CACDC and CADA relationship, to this point, has been successful. As CADA pursues development of future affordable housing projects in partnership with the State of California or through its own land acquisition, the CACDC will be a valuable entity in achieving CADA's housing mission.

FINANCIAL IMPACT

CADA billings to the nonprofit will be tracked and reported as a part of the regular CADA budget process.

ENVIRONMENTAL CONSIDERATIONS

Not Applicable.

Attachments:

1. Administrative Services Agreement between CADA and CACDC

ADMINISTRATIVE SERVICES AGREEMENT

THIS AGREEMENT ("Agreement") is made at Sacramento, California, as of _____, 2020, by and between the CAPITOL AREA DEVELOPMENT AUTHORITY, a California Joint Powers Authority ("CADA") and the CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION, a non-profit public benefit corporation ("CACDC"), which are also referred to herein collectively as "Parties" or singularly as "Party," who agree as follows:

- 1. Services.** Subject to the terms and conditions set forth in this Agreement, CADA shall provide to CACDC the services described in Exhibit A. CADA shall provide the services at the time, place, and in the manner specified in Exhibit A. CADA shall not be compensated for services outside the scope of Exhibit A ("Additional Services") unless prior to the commencement of such services: (a) CADA notifies CACDC in writing and CACDC agrees that such services are outside the scope of Exhibit A; (b) CADA estimates the additional compensation required for these additional services; (c) CACDC, after receipt of such notice, approves in writing the Additional Services and amount of additional compensation; and (d) this Agreement is amended to include the Additional Services and compensation.
- 2. Payment.** CACDC shall pay CADA for services rendered pursuant to this Agreement as set forth in Exhibit B, unless pursuant to Paragraph 1, above, CACDC approves compensation for Additional Services. CACDC shall submit verification of all billings for said services to CADA in the manner specified in Exhibit B.
- 3. Facilities, Supplies and Equipment.** Except as set forth in Exhibit C, CADA shall, at its sole cost and expense, furnish all facilities, supplies and equipment, which may be required for furnishing services pursuant to this Agreement. CACDC shall furnish to CADA only the facilities and equipment listed in Exhibit C according to the terms and conditions set forth in Exhibit C.
- 4. General Provisions.** The general provisions set forth in Exhibit D are part of this Agreement. In the event of any conflict between the general provisions and any other terms or conditions of this Agreement, such other terms or conditions shall control over the general provisions.
- 5. Authority.** Each of the signatories to this Agreement represent that he or she is authorized to sign the Agreement on behalf of such Party, all approvals and consents which must be obtained to bind such Party have been obtained, and no further approvals, acts or consents are required to bind such Party to this Agreement.
- 6. Exhibits.** All exhibits referred to herein are attached hereto and are by this reference incorporated as if set forth fully herein.

Executed as of the day and year first above stated.

**CAPITOL AREA COMMUNITY
DEVELOPMENT CORPORATION**

**CAPITOL AREA
DEVELOPMENT AUTHORITY**

By: Ann Bailey
Its: Chair

By: Wendy Saunders
Its: Executive Director

APPROVED AS TO FORM:

APPROVED AS TO FORM:

CACDC General Counsel

General Counsel

Attachments:

Exhibit A - Scope of Services

Exhibit B - Fee Schedule / Manner of Payment

Exhibit C – Facilities, Supplies & Equipment to be provided by CADA

Exhibit D - General Provisions

Exhibit E - Billing Rates

EXHIBIT A

SCOPE OF SERVICES

1. Representatives. CACDC Representative for this Agreement is:

Ann Bailey, President
Capitol Area Community Development Corporation
1522 14th Street, Sacramento, CA 95814
(916) 322-2114 (telephone) / (916) 441-1804 (fax)

All CADA questions pertaining to this Agreement will be referred to the CACDC Representative as set forth above. All correspondence to CACDC shall be addressed to the address set forth above or such other address as CACDC shall designate in writing.

CADA Representative for this Agreement is:

Wendy Saunders
Capitol Area Development Authority
1522 14th Street, Sacramento, CA 95814
(916) 322-2114 (telephone) / (916) 441-1804 (fax)

All CACDC questions pertaining to this Agreement will be referred to the CADA Representative as set forth above. All correspondence to CADA shall be addressed to the address set forth above or such other address as CADA shall designate in writing.

2. Scope of Work.

a. Term: This Agreement shall be for the thirty-six month period commencing December 18, 2020 and ending December 31, 2025.

b. Services to be provided by CADA: CADA agrees to provide administrative support services related to the ongoing operations of CACDC. Services will include the following:

I. General Administration:

- Coordinate/manage all professional service agreements for CACDC, including legal and accounting services.
- Preparation for, and management of, all CACDC Board meetings, including:
 - Preparing and posting meeting agendas.
 - Attending meetings.
 - Preparing and distributing minutes.
 - Coordinating all staff reports.
- Monitoring all noticing and disclosure requirements.

- Prepare and manage CACDC budget, as approved by the CACDC Board.
- Approve and process billing statements/invoices and any applicable financial disbursements on behalf of the CACDC.
- Serve as designated daily contact for CACDC.
- Establish and maintain all CACDC files and records.
- Provide information to the CACDC Board, contractors, CADA, development partners and the public as necessary.

II. Reporting Requirements:

- Prepare and distribute annual status reports to CACDC, including operations activity (status/budget) and financial/accounting activity, which may be prepared by an appropriate contract service provider.
- Monitor all noticing and disclosure requirements.
- Assist with annual reporting requirements related to tax exempt status.

III. Strategic Planning and Marketing:

- Assist the Board in developing a long-term strategic plan for CACDC.
- Prepare and distribute information to the public and development partners as necessary.
- Represent CACDC to the real estate and development community and other private partners.
- Provide information to the private sector as needed to market CACDC services.

IV. Individual Project Management:

- Target projects meeting the long-term strategic direction of the CACDC.
- Negotiate individual project development and financing agreements in conjunction with CACDC's legal counsel and other CADA staff, on behalf of CACDC.
- Recommend development and financial participation actions to the Board.
- Manage CACDC assets, including negotiating and executing contracts for outside corporate asset management services, as approved by the CACDC Board.
- Contract with and manage third party consultants to analyze and investigate development feasibility matters including planning, design, environmental and financial feasibility.
- Maintain individual project files.

V. Other Services As Requested by CACDC: Upon request, CADA may provide other services not specifically identified above.

c. Services to be provided by CACDC: In consideration for the services provided by CADA, CACDC agrees to:

- Coordinate with CADA staff regarding the operations, annual budget and reporting for CACDC.

Attachment 1

- Provide CADA information as necessary.
- Provide CADA with an annual report regarding the CACDC projects, activities and expenditures.

EXHIBIT B

FEE SCHEDULE / MANNER OF PAYMENT

1. CADA's Compensation.

CACDC shall reimburse CADA in an amount not to exceed \$0 for staff time during the term of this Agreement for managing its corporate operations in connection with specific development projects and the management of assets owned or managed by CACDC. CADA shall provide CACDC with quarterly billing statements showing the hours worked and work performed on CACDC's behalf by CADA, and payments shall be subject to review by the Chief Financial Officer and approved by President. Rates will be billed according to Exhibit E.

CACDC will also reimburse CADA for third-party consultant costs incurred in connection with the development project or asset management. CADA will provide copies of invoices documenting such third party costs with CADA's quarterly billing statements.

CADA also anticipates providing CACDC with limited, general administrative services that are not specific to a project or asset, for which CADA will not seek reimbursement until such time as the CACDC has an independent source of revenue.

EXHIBIT C

FACILITIES, SUPPLIES AND EQUIPMENT

CACDC will not furnish any facilities, supplies or equipment for this Agreement. CADA staff will work in CADA offices and use CADA facilities, supplies and equipment to perform services for CACDC under this Agreement.

EXHIBIT D

GENERAL PROVISIONS

1. **No Joint Venture.** This Agreement does not create a joint venture, partnership, or any other legal relationship of association among the Parties. Each Party is an independent legal entity and is not acting as an agent of the other Party in any respect.
2. **CACDC Not CADA Agent; CADA Authority to Act on Behalf of CACDC.** Except as CADA may specify in writing, CACDC and CACDC's personnel shall have no authority, express or implied, to act on behalf of CADA in any capacity whatsoever as an agent. CADA and CADA's personnel shall have no authority, express or implied, to bind CACDC to any obligations whatsoever, except when CADA employees are providing the services specified in this Agreement on behalf of CACDC or are otherwise specifically authorized in writing by CACDC to act on its behalf.
3. **Independent Contractor.**
 - A. It is understood and agreed that CADA and CACDC are independent contractors and that no relationship of employer-employee exists between the Parties hereto for any purpose whatsoever, notwithstanding the fact that CADA employees may provide services to CACDC under this Agreement. CACDC is not required to make any deductions or withholdings for employee taxes or benefits from the compensation payable to CADA under the provisions of this Agreement. As an independent contractor, CADA hereby agrees to indemnify and hold CACDC harmless from any and all claims that may be made against CACDC based upon any contention by any of CADA's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefore exists between the Parties for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any services under this Agreement.
 - B. It is further understood and agreed by the Parties hereto that CADA, in the performance of its obligations hereunder, is subject to the control and direction of CACDC as to the designation of tasks to be performed and the results to be accomplished by the services agreed to be rendered and performed under this Agreement, but not as to the means, methods, or sequence used by CADA for accomplishing such results. To the extent that CADA obtains permission to, and does, use CACDC's facilities, space, equipment or support services in the performance of the services under this Agreement, this use shall be at CADA's sole discretion based on CADA's determination that such use will promote CACDC's efficiency and effectiveness.
 - C. If, in the performance of this Agreement, any third persons are employed by CADA, such persons shall be entirely and exclusively under the direction, supervision, and control of CADA. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and

discharging, or any other terms of employment or requirements of law, shall be determined by CADA. It is further understood and agreed that CADA shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of CADA's assigned personnel and subcontractors.

D. Nothing in this Agreement shall be construed as to create an exclusive relationship between CACDC and CADA for the services to be provided. CACDC and CADA may each independently represent, perform services for, or be employed by such additional persons or companies as each Party sees fit, provided that there is no conflict with the performance of services or the obligations of the Parties hereunder.

4. **Standard of Performance.** If CADA assigns employees or contractors to perform services under this Agreement who are not CADA employees, CADA shall assign only competent personnel to perform said services pursuant to this Agreement.
5. **Time.** CADA shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of CADA's obligations under this Agreement. Neither Party shall be considered in default of this Agreement, nor be entitled to additional compensation, to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.
6. **Assignment Prohibited.** No Party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempt or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.
7. **Termination.** CADA and CACDC shall have the right to terminate this Agreement at any time by giving not less than Fifteen (15) days' notice of such termination to the other party. If CACDC gives such notice of termination, CADA shall immediately cease rendering services pursuant to this Agreement.
8. **Indemnity.** CADA shall indemnify, defend and save harmless CACDC, its officers and employees, and each and every one of them, from and against all actions, damages, costs, liability, claims, losses, judgments, penalties and expenses of every type and description, including, but not limited to, any fees and/or costs reasonably incurred by CACDC's staff attorneys or outside attorneys and any fees and expenses incurred in enforcing this provision (hereafter collectively referred to as "liabilities"), to which any or all of them may be subjected, for death, personal injury or damage to real or personal property resulting from any negligent act or omission or willful misconduct of CADA, its officers, employees, subcontractors or agents in connection with the performance or nonperformance of services by CADA employees on behalf of CACDC under this Agreement, whether or not CACDC, its officers or employees reviewed, accepted or approved any service or work product performed or provided by CADA employees, and whether or not such liabilities are litigated, settled or reduced to judgment.

CADA shall, upon CACDC's request, defend at CADA's sole cost any action, claim or suit or portion thereof which asserts or alleges any such liabilities, whether well founded or not and whether or not such action, claim or suit also asserts or alleges negligent or wrongful conduct by CACDC, its officers or employees, so long as the action, claim or suit alleges negligence or misconduct by a CADA officer or employee. If a final decision or judgment allocates liability by determining that any portion of damages awarded is attributable to the CACDC's negligence or willful misconduct separate and apart from any act or omission by a CADA officer or employee, CACDC shall pay the portion of damages which is allocated to the CACDC's acts, negligence or willful misconduct. As used herein, the phrase "negligence or willful misconduct" shall not include the passive negligence of the CACDC, its officers or employees in reviewing, accepting or approving any service or work product performed or provided by CADA employees.

9. **Severability.** If any portion of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
10. **Waiver.** No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. No waiver of any right or remedy in respect of any occurrence or event shall be deemed a waiver of any right or remedy in respect of any other occurrence or event. Failure by either Party to complain of any action or non-action on the part of the other Party or to declare the other in default, irrespective of how long such failure may continue, shall not be deemed to be a waiver of any rights hereunder.
11. **No Third Party Beneficiaries.** Nothing contained herein is intended, nor shall this Agreement be construed, as an agreement to benefit any third parties including, without limitation, the property owners and businesses within the River District, Railyards and Downtown Sacramento areas.
12. **Ambiguities.** This Agreement shall be construed as a whole according to its fair language and common meaning to achieve its objectives and purposes. Captions on sections are provided for convenience only and shall not be deemed to limit, amend or affect the meaning of the provision to which they pertain, and shall be disregarded in the construction and interpretation of this Agreement. The Parties have each carefully reviewed this Agreement and have agreed to each term hereof. No ambiguity shall be presumed to be construed against either Party.
13. **Entire Agreement.** This document, including all Exhibits and the Greyhound Lease, contains the entire agreement between the Parties and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement. No alteration to the terms of this Agreement shall be valid unless approved in writing by CADA and CACDC.

EXHIBIT E
BILLING RATES

Executive Director	\$57.47 - \$86.20
Deputy Executive Director	\$48.19 - \$72.27
Controller	\$40.45 - \$60.69
Secretary – Office Manager	\$26.33 - \$39.49
Development Director	\$40.45 - \$60.69
Project Manager	\$30.48 - \$45.72
Project Staff Assistant	\$13.56 - \$20.34
Fund Raising & Communication Staff	\$20.63 - \$30.94
Accounting Manager	\$26.33 - \$39.49
Accounting Specialist	\$15.39 - \$23.09
Support Services Specialist	\$13.56 - \$20.34

Actual rate charged will be based on the individual assigned to the task.

RESOLUTION NO. 20 – 39

Adopted by the Capitol Area Development Authority

December 18, 2020

APPROVING AN ADMINISTRATIVE SERVICES AGREEMENT WITH THE CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION

WHEREAS, in 2014 CADA sponsored the creation of the Capitol Area Community Development Corporation ("CACDC") as a non-profit public benefit corporation created to "combat community deterioration, lessen the burdens of government and relieve the poor and distressed" by participating in the ownership, development, financing and management of residential and commercial projects in proximity to the State Capitol; and

WHEREAS, in 2014, the CACDC was determined to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; and

WHEREAS, since its incorporation, the administrative needs of the CACDC have been minimal and CADA staff has provided those services at on an as-needed basis at no charge; and

WHEREAS, the previous Administrative Services Agreement has successfully led to the financing and construction of an affordable housing project on real property described as the half block of property located between 17th and 18th Streets and S Street and the R/S alley (the "Property"); and

WHEREAS, the CACDC and CADA now desire to continue the existing framework that governs the services to be provided by CADA to the CACDC and identifies those project- and asset-specific services for which CADA will be entitled to receive compensation from the CACDC.

NOW THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that the Board of Directors hereby:

1. Authorizes and directs the Executive Director to enter into an Administrative Services Agreement between CADA and the CACDC in substantially the form presented to the Board on this date, together with such changes, insertions, revisions, corrections or amendments as may be approved by CADA's General Counsel.

2. Authorizes and directs the Executive Director or her designees, in the name and on behalf of CADA, to take any and all actions and to execute and deliver any and all certificates, contracts and other documents which they might deem necessary or appropriate in order to consummate the execution of the Administrative Services Agreement and to otherwise effectuate the purposes of this Resolution.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of the Capitol Area Development Authority held on December 18, 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ann Bailey, Chair

ATTEST:

Jill Azevedo
Secretary to the Board of Directors

RESOLUTION NO. 20-05

Adopted by the Capitol Area Community Development Corporation

December 18, 2020

APPROVING AN ADMINISTRATIVE SERVICES AGREEMENT WITH THE CAPITOL AREA DEVELOPMENT AUTHORITY

WHEREAS, as stated in the Articles of Incorporation, the specific purposes of the Capitol Area Community Development Corporation ("CACDC") are to "combat community deterioration, lessen the burdens of government and relieve the poor and distressed" by participating in the ownership, development, financing and management of residential and commercial projects in proximity to the State Capitol; and

WHEREAS, since incorporation, the administrative needs of the CACDC have been minimal and CADA staff has provided those services on an as-needed basis; and

WHEREAS, the previous CACDC and CADA Administrative Services Agreement has successfully led to the financing and construction of an affordable housing project on real property described as the half block of property located between 17th and 18th Streets and S Street and the R/S alley (the "Property"); and

WHEREAS, the CACDC and CADA now desire to continue the existing framework that governs the services to be provided by CADA to the CACDC and identifies those project- and asset-specific services for which CADA will be entitled to receive compensation from the CACDC.

NOW, THEREFORE, BE IT RESOLVED by the Capitol Area Community Development Corporation that the Board of Directors hereby:

1. Authorizes and directs the President to enter into an Administrative Services Agreement between the CACDC and CADA in substantially the form presented to the Board on this date, together with such changes, insertions, revisions, corrections or amendments as may be approved by the CACDC's General Counsel.

2. Authorizes and directs the President or her designees, in the name and on behalf of the CACDC, to take any and all actions and to execute and deliver any and all certificates, contracts and other documents which they might deem necessary or appropriate in order to consummate the execution of the Administrative Services Agreement and to otherwise effectuate the purposes of this Resolution.

This Resolution shall be effective immediately upon its approval and adoption.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of the Capitol Area Community Development Corporation held on March 25, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Wendy S. Saunders, President

ATTEST:

Jill Azevdo, Secretary