

Item No.30

Supplemental Material

For
City of Sacramento
City Council
Housing Authority
Redevelopment Agency
Economic Development Commission
Sacramento City Financing Authority

Agenda Packet

Submitted: July 23, 2007

For the Meeting of: July 24, 2007 (afternoon)

- Additional Material
- Revised Material

Subject: Establishment of the Sacramento Employment and Economic Development Corporation (SEEDCorp)

Contact Information: David Harzoff, Econ. Dev. Mgr 808-5385

Please include this supplemental material in your agenda packet. This material will also be published to the City=s Intranet. For additional information, contact the City Clerk Department at Historic City Hall, 915 I Street, First Floor, Sacramento, CA 95814-2604 B (916) 808-7200.



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Staff Report
July 24, 2007

**Honorable Mayor and
Members of the City Council**

Title: Establishment of the Sacramento Employment and Economic Development Corporation (SEEDCorp)

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) Establishing the Sacramento Employment and Economic Development Corporation; 2) Authorizing the Mayor to appoint two Interim Board Members with limited powers to establish the Corporation; 3) Approving the Articles of Incorporation and directing staff to file them with the Secretary of State; 4) Directing staff to work with the Interim Board to complete the establishment of the Corporation; and 5) Directing staff to work with the P & PE Committee and Mayor's Office to identify qualified appointees for permanent Board candidates and return to the Council for confirmation of those appointees.

Contact: John Dangberg, Assistant City Manager, 808-5704
David Spaur, Economic Development Director, 808-7223
Dave Harzoff, Economic Development Manager, 808-5385

Presenters: John Dangberg and Dave Harzoff

Department: City Manager's Office

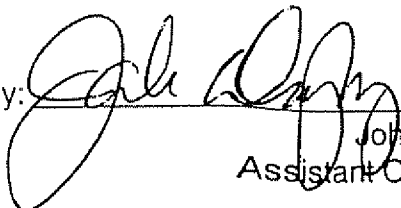
Division: Economic Development

Organization No: 0310

Description/Analysis

Issue: In January, 2005 at its planning retreat the City Council identified as one of its three-year goals: "Spreading economic development throughout the City". In 2006, the City Treasurer's Office researched and presented information on establishing an economic development corporation. The corporation would provide a financing and facilitation tool that could help build and sustain a strong

Emerging Small Business Development (ESBD): No goods or services are being purchased under this report. Ultimately, small businesses within the City of Sacramento stand to benefit from the enhanced resources, services, incentives and assistance proposed within the 2007 Five-Year Economic Development Strategy.

Respectfully Submitted by:  _____
John Dangberg
Assistant City Manager

Recommendation Approved:


 _____
Ray Kerridge
City Manager

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ATTACHMENT 1

ARTICLES OF INCORPORATION

OF

THE SACRAMENTO ECONOMIC AND EMPLOYMENT DEVELOPMENT CORPORATION

I.

The name of this corporation is: THE SACRAMENTO ECONOMIC AND EMPLOYMENT DEVELOPMENT CORPORATION

II.

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purpose of this corporation is to lessen the burdens of government by assisting the City of Sacramento, California (the "City") and the Redevelopment Agency of the City of Sacramento ("the RDA") to revitalize areas within the City and assist in economic growth within the City by: (i) owning, acquiring and disposing of, developing, financing (including but not limited to loaning money in connection with), assisting, leasing and managing projects in areas within the City; (ii) providing amenities or improvements associated with any projects undertaken by this corporation; (iii) providing financial support and other assistance to businesses and individuals within the City for the purpose of promoting economic growth within the City; (iv) assisting businesses within the City to encourage, attract, retain and expand job opportunities and private investment in the City; (v) assisting the City and RDA in its efforts to promote economic growth and otherwise revitalize areas within the City; and (vi) conducting or performing any ancillary or related activity in furtherance of the foregoing. Subject to Article IV.B of these articles, this corporation shall be permitted to conduct other lawful activities permitted under the California Nonprofit Public Benefit Corporation Law.

C. This corporation is formed for the benefit of, and to carry out the purposes of, the City and the RDA by helping the City and RDA revitalize areas within the City and assist in economic growth within the City and thereby lessening the burdens of government within the meaning of Section 1.501(c)(3)-1(d)(2) of the Treasury Regulations.

D. This corporation shall have no members.

III.

The name in the State of California of this corporation's initial agent for service of

ATTACHMENT 2

BYLAWS OF THE SACRAMENTO ECONOMIC AND EMPLOYMENT DEVELOPMENT CORPORATION

a California Nonprofit Public Benefit Corporation

ARTICLE I NAME

The name of this corporation shall be: The Sacramento Economic and Employment Development Corporation (the "Corporation").

ARTICLE II PRINCIPAL OFFICE

Section 1. Principal Office. The principal office for the transaction of the business of the Corporation ("principal executive office") shall be fixed and located at Sacramento, California, or at such other place as the Board of Directors ("Board") shall determine. The directors may change the principal office from one location to another. Any change of this location shall be noted by the Secretary on these bylaws opposite this section, or this section may be amended to state the new location.

Section 2. Other Offices. The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to do business.

ARTICLE III MEMBERSHIP

Section 1. Members. The Corporation shall have no members. Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval of the Board. All rights which would otherwise vest in the members shall vest in the Board.

Section 2. Associates. Nothing in this Article III shall be construed as limiting the right of the Corporation to refer to persons associated with it as "members" even though such persons are not members, and no such reference shall constitute anyone a member, within the meaning of Section 5056 of the California Nonprofit Corporation Law. The Corporation may confer by amendment of its articles or of these bylaws some or all of the rights of a member, as set forth in the California Nonprofit Corporation Law, upon any person or persons who do not have the right to vote for the election of directors or on a disposition of substantially all of the assets of the Corporation or on a merger or on a dissolution or on changes to the Corporation's articles or bylaws, but no such person shall be a member within the meaning of said Section 5056.

Sacramento (the "City") through action of the City Council, and each director shall hold office until a successor has been designated and appointed by the City. Such designation and appointment may be evidenced by the delivery to this corporation of written notification from the City Clerk of the City (the "Appointment Notice") which shall be filed in the minute books of this corporation and such appointment shall be effective as of the specified future date in the Appointment Notice or if no date is specified the date of receipt by this corporation of the Appointment Notice. In selecting the individuals to serve as the directors of the Corporation, the City may take into account the individual's requisite experience in financial and real estate matters as well as experience in economic development. Two City Council members may serve as non-voting ex-officio members of the Board in addition to the five regular Board members.

Section 4. Vacancies. Subject to the provisions of Section 5226 of the California Nonprofit Public Benefit Corporation Law, any director may resign effective upon giving written notice to either the President, the Secretary, or the Board. In addition, any director may be removed at any time, with or without cause, by the City. The removal of a director may be evidenced by the delivery to this corporation of written notification from the City Clerk of the City (the "Removal Notice") which shall be filed in the minute books of this corporation, and such removal shall be effective as of the specified future date in the Removal Notice or if no date is specified the date of receipt by this corporation of the Removal Notice.

A vacancy or vacancies in the board shall be deemed to exist in case of the death, resignation, or removal of any director. The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony, or found by a final order of judgment of any court to have breached any duty arising under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law. Vacancies in the board shall be filled by the City designating and appointing a director to fill the vacancy. Such designation and appointment may be evidenced by the delivery to this corporation of the Appointment Notice which shall be filed in the minute books of this corporation and such appointment shall be effective as of the date of receipt by this corporation of the Appointment Notice.

No reduction of the authorized number of directors shall have the effect of removing any director before that director has been removed by the City or resigns.

Section 5. Place of Meetings. Meetings of the Board shall be held at the principal office of the Corporation unless a different place is designated in the notice of such meeting.

Section 6. Ralph M. Brown Act. All meetings of the Board and its appointed Committees of the Board, including, without limitation, regular, adjourned regular, emergency, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California), or any successor legislation hereinafter enacted (the "Brown Act").

Section 7. Regular Meetings. The Board shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Board. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

ARTICLE V
COMMITTEES

Section 1. Committees of the Board. The Board may appoint one or more committees, each consisting of two (2) or more directors and no persons who are not directors, and delegate to such committees any of the authority of the Board except with respect to:

- (a) the taking of any final action on matters which, under the Nonprofit Corporation Law of California, also requires members' approval or approval of a majority of all the members;
- (b) the filling of vacancies on the Board or in any committee;
- (c) the fixing of compensation of the directors for serving on the Board or on any committee;
- (d) the amendment or repeal of bylaws or adoption of new bylaws;
- (e) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) the appointment of any other committees of the Board or the members of these committees.
- (g) the expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected; or
- (h) the approval of any self-dealing transaction, as such transactions are defined in Section 5233(a) of the California Nonprofit Public Benefit Corporation Law.

Any such committee must be created, and the members thereof appointed, by resolution adopted by a majority of the authorized number of directors then in office, provided a quorum is present, and any such committee may be designated by such name as the Board shall specify. The Board may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of Article IV applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee.

regular election or appointment to that office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 6. President. The President shall preside at meetings of the Board and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board or prescribed by the bylaws. In the absence of the President, another officer or a director of the Corporation may preside at a meeting of the Board.

Section 7. Secretary. The Secretary shall attend to the following:

(a) Book of minutes. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board may direct, a book of minutes of all meetings and actions of directors, and committees of directors, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, and the proceedings of such meetings.

(b) Notices, seal and other duties. The Secretary shall give, or cause to be given, notice of all meetings of the Board required by the bylaws to be given. The Secretary shall keep the seal of the Corporation in safe custody. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board or the bylaws.

Section 8. Chief Financial Officer. The Chief Financial Officer shall attend to the following:

(a) Books of account. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any director at all reasonable times.

(b) Deposit and disbursement of money and valuables. The Chief Financial Officer shall deposit all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board; shall disburse the funds of the Corporation as may be ordered by the Board; shall render to the directors, whenever they request it, an account of all transactions as Chief Financial Officer and of the financial condition of the Corporation; and shall have such other powers and perform such other duties as may be prescribed by the Board or the bylaws.

Section 9. Compensation. Except with respect to officers who are employees of the City or other governmental body, officers may receive such reasonable compensation, if any, for their services as may be fixed or determined by the board; provided, however, that all officers may receive reimbursement for reasonable expenses incurred in performing their officer duties.

ARTICLE VII RECORDS AND REPORTS

Section 1. Corporate Records. The Corporation shall keep:

ARTICLE VIII OTHER PROVISIONS

Section 1. Endorsement of Documents; Contracts. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other instrument in writing and any assignment or endorsement thereof executed or entered into between the Corporation and any other person, when signed by the President, the Secretary or the Chief Financial Officer must be authorized by the Board to be valid and binding on the Corporation. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be authorized by the Board, and, unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 2. Representation of Shares of Other Corporations. The President or any other officer or officers authorized by the Board or such other persons as authorized by the board and permitted by law, are each authorized to vote, represent, and exercise on behalf of the Corporation all rights incident to the ownership of any equity interests held by this Corporation in another entity.

Section 3. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the General Provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these bylaws.

Section 4. Amendments. These bylaws may be amended or repealed by the vote of a majority of the Board, except that neither Article IV nor Article VIII, Section 7 may be amended or repealed without the written consent of the City Council.

Section 5. Fiscal Year. The fiscal year of this Corporation shall be determined by resolution of the Board.

Section 6. Corporate Seal. This Corporation may have a seal which shall be specified by resolution of the Board of Directors.

Section 7. City Review of Annual Budget. The annual budget of this Corporation shall be delivered to the City Manager of the City for review before the budget is adopted by the Corporation. The City Manager shall have no legal authority to act for this Corporation, but the Board shall in good faith review any recommendations made by the City Manager regarding the annual budget to be adopted by this Corporation.

Section 8. Excess Revenues. This Corporation may distribute its excess revenues to the City or the Redevelopment Agency of the City of Sacramento (the "Agency") for purposes related to public purposes, including economic development. For this purpose, excess revenues shall mean an amount of money which the Board considers to be available after taking into account all debts, liabilities, and obligations of this Corporation and other amounts which the Board considers necessary for this Corporation's operations (including but not limited to debt service and additions to any reserves for bond commitments, and any other set-asides necessary to comply with financial

ARTICLE X
CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the presently elected and acting Secretary of THE SACRAMENTO ECONOMIC AND EMPLOYMENT DEVELOPMENT CORPORATION, a California nonprofit corporation, and the above bylaws, consisting of 11 pages (including this page) are the bylaws of this Corporation as adopted at a meeting of the Board held on _____, 2007.

DATED: _____, 2007

Secretary

ATTACHMENT 4

SACRAMENTO ECONOMIC AND EMPLOYMENT DEVELOPMENT CORPORATION (SEEDCORP)

Questions and Answers Concerning the Proposed Nonprofit Corporation

1. What can the new corporation do?

It can serve as a tool for stimulating and implementing economic development benefiting the City of Sacramento, such as:

- developing and operating new parking facilities
- participating in real estate development projects (including contributing equity) as a joint venturer or independently
- leasing developed properties to commercial operators
- leasing developed properties to public and nonprofit entities
- making small business loans
- create and administer programs for economic development purposes
- produce events to assist revitalization projects
- provide excess revenue to the City for economic development and other purposes
- issue bonds or incur other debt to finance economic development activities or projects (utilizing tax-exempt debt will require greater limits on the corporation's activities)
- invest capital that generates returns specifically for economic development purposes
- receive charitable donations for economic development purposes
- acquire and dispose of real estate for economic development purposes

2. What can the new corporation NOT do?

- cannot operate commercial facilities (such as retail stores, restaurants or other commercial enterprises) facilities must have economic development purpose
- cannot participate or expend any of its funds or resources for any activity that does not have a confirmed and substantial public purpose as approved by the City Council or Agency Board
- cannot lend out or otherwise receive financial returns from tax exempt funds