



Good Neighbors

San Diego
Housing Commission

REPORT

DATE ISSUED: August 10, 2005

ITEM 104

REPORT NO.: HCR05-80
For the Agenda of August 26, 2005

SUBJECT: Memorandum of Understanding with Neighborhood Opportunities Corporation on Behalf of San Diego Reinvestment Task Force

SUMMARY:

ISSUE: Should the Housing Commission approve a Memorandum of Understanding with Neighborhood Opportunities Corporation (a subsidiary of Neighborhood National Bank) on behalf of the San Diego Reinvestment Task Force (RTF) for the purpose of acting as a fiscal agent for the financial education summit to be coordinated by the RTF?

Recommendation 1: Recommend Housing Commission approval of the Memorandum of Understanding (MOU) with the Neighborhood Opportunities Corporation for the purpose of serving as fiscal agent 501 (c)(3) for the San Diego Reinvestment Task Force.

Fiscal Impact: There will be no fiscal impact to the Housing Commission with this action.

Equal Opportunity Statement: None

Environmental: This activity is not a project within the meaning of CEQA and is categorically exempted and/or excluded under the provisions of NEPA and these administrative issues were exempted and/or excluded in connection with the actions on the FY 06 budget. The City of San Diego as Responsible Agency has issued the Notice of Exemption under NEPA.

Previous Related Action(s): The Housing Commission has entered into similar MOU agreements on behalf of the RTF. Fiscal agents were required by the RTF for implementation of activities related to numerous research projects as well as the development of the San Diego Capital Collaborative.



A state agency authorized by the City of San Diego

BACKGROUND

The Reinvestment Task Force (RTF) is working to increase financial awareness in the San Diego region, particularly in low and moderate-income communities, through a "Financial Education Summit" anticipated for January of 2006. The impetus for pursuing a comprehensive strategy for financial education is prompted by the need to address the negative affects of predatory lending and the presence of numerous asset-stripping influences on low and moderate-income residents of the City and County.

In order to solicit and distribute funding for the event and projected follow-up, the RTF is required to use a non-profit, 501 (c)(3) fiscal agent. Neighborhood Opportunities Corporation (NOC), with a primary purpose to provide financial education, is a non-profit subsidiary of Neighborhood National Bank. NOC has agreed to function as a fiscal agent and partner for RTF's Financial Education Summit. All funds raised will be expended for the financial education work and no funds will accrue to the RTF.

The RTF has established a subcommittee (see attached members) for the purpose of funding and coordinating the Financial Education Summit. The goal is to create an event which will: 1) highlight the value of financial education; 2) provide an opportunity to access first hand information and guidance; 3) establish a base of support for the implementation of a broad, long term strategy for financial education programming and funding; and 4) develop information received from participants that can be used to design the long term plan.

The subcommittee has established a work plan that has also been ratified by the full RTF. The subcommittee has recommended, and the RTF board has approved, specific goals and objectives. An overall budget goal has been adopted and a comprehensive review of existing programs, literature and policies of federal regulatory agencies has begun. Some discussions have occurred with related County departments (such as Health and Human Services) as well as current financial literacy efforts of the RTF member banks. This preliminary review has assisted the RTF in moving forward with this MOU request.

DISCUSSION

According to the Federal Reserve Bank: 1) Wealth inequality dwarfs income inequality; 2) Lack of assets, more than lack of income, holds people in poverty; 3) One half of all US bankruptcies are the result of unexpected illness or medical bills.

Twelve percent (12%) of San Diego residents live below the level of poverty, which is about double the national average. In California one out of five households owes more than

it owns. One out of four families has zero or negative financial assets and fewer than 40% of households have a no-interest bearing checking account. Nationally, one in six persons who live in poverty reside in California.

Lack of financial information can be a hindrance to the accumulation of wealth. A person's ability to manage the U.S. financial system that has become standard and fairly sophisticated, is learned, yet opportunity for training is somewhat limited. New points of access and culturally relevant learning environments need to be created.

The RTF is proposing to implement a three-stage process to expand the opportunity of financial education to low-moderate income communities. The first stage will be to organize an event designed to bring visibility to the issue. The event will also include opportunity to attend financial education workshops for specific answers to financial questions from qualified practitioners. The second stage will be to implement research designed to quantify the problem as well as the regional capacity to address the problem. The third stage will be to design and implement a comprehensive strategy for long-term financial education. The use of a fiscal agent will be necessary during each of these stages.

ALTERNATIVE: Do not approve the Memorandum of Understanding with Neighborhood Opportunities Corp. on behalf of the San Diego Reinvestment Task Force. This will result in the Financial Education Summit being cancelled.

Respectfully submitted,

Approved by,

**Signature on File
With Original Document**

James Bliesner
Reinvestment Director

Elizabeth C. Morris
President & Chief Executive Officer

Attachment 1: Memorandum of Understanding
Attachment 2: RTF Financial Education Sub-Committee

Distribution of these attachments may be limited. Copies available for review during business hours at the Housing Commission offices at 1625 Newton Avenue.

ATTACHMENT 1

BINDING MEMORANDUM OF UNDERSTANDING BETWEEN SAN DIEGO HOUSING COMMISSION AND NEIGHBORHOOD OPPORTUNITES CORP.

This Binding Memorandum of Understanding ("MOU") dated as of _____, 2005 is entered into among the San Diego Housing Commission ("SDHC"), acting on behalf of the City-County Reinvestment Task Force ("RTF"), and Neighborhood Opportunities Corp. an Internal Revenue 501 (c) (3) non profit corporation ("Contractor"), with reference to the following facts:

- A. The City-County Reinvestment Task Force has been afforded the opportunity to coordinate a campaign to increase opportunity and resources for financial education among low to moderate income communities in the San Diego region, for which funding will be received, overseen, and dispersed (the "Project").
- B. Pursuant to the terms and conditions set forth below, the Contractor agrees to undertake certain acts at the request of the City-County Reinvestment Task Force for the benefit of project completion and in the advancement of interests of the City and County of San Diego. Pursuant to the terms and conditions set forth below, the SDHC agrees to incorporate the Contractor's scope of work described in Exhibit No. 1 hereof.
- C. It is the desire of the Contractor and the RTF that the Project be fiscally managed by the Contractor.
- D. The RTF, at its regularly scheduled monthly meeting of July, 2005, authorized the Director of the RTF to execute this Binding Memorandum of Understanding with Contractor.
- E. SDHC is entering into this agreement of behalf of the RTF because it has not received legal authorization to enter into a contractual relationship independently.

Neighborhood Opportunities Corp. and San Diego Housing Commission, on behalf of the City-County Reinvestment Task Force, hereby agrees to perform their respective obligations set forth below in the following terms and conditions:

1. Contractor's Obligations:

- A. **WORK TO BE PERFORMED:** Contractor agrees to fiscally manage the Project fully in accordance with the terms of Exhibit No. 1- "Scope of Work". Upon expiration of this agreement, Contractor agrees to transfer to the RTF any Project funds not duly expended in accordance with this MOU at the time of expiration and any accounts receivable attributable to the use of Project funds.
- B. **COMPLIANCE WITH LAWS:** Contractor agrees to hold SDHC and RTF harmless against any indemnity which it may suffer on account of any failure on the part of the Contractor to comply with the obligations undertaken by Contractor which include, but are not limited to, the obligation to comply with each of the following:
- (a) The City and County Reinvestment Policies (City 900-9 and County A-123) and all other applicable state laws and regulations or local ordinances or regulations in the implementation of the Project.
 - (b) The Federal Internal Revenue Service laws which govern the Contractor's 501(c)(3) status. The Contractor shall maintain good standing in compliance with its designated IRS 501(c)(3) status and further represents that it currently holds such 501 (c) (3) status with the IRS and is in good standing and that it will continue to hold such status during the entire term of this Agreement
- C. **RECORDS AND REPORTS:** As a condition of this MOU, the Contractor attests that it has a financial statement confirming the agency's fiscal integrity and that all necessary IRS reports have been regularly filed. The Contractor shall maintain records and make reports as required by the Director, City-County Reinvestment Task Force, to enable the RTF and the SDHC to analyze utilization of the Contractor's program. All records of the Contractor respecting the Project shall be open and available for inspection by auditors assigned by the RTF and/or the SDHC during the normal business hours of the Contractor.
- D. **INDEMNIFICATION:** The Contractor shall indemnify, defend and hold harmless the RTF, the City and County of San Diego, the SDHC, the Housing Authority and the City of San Diego, and its officers, agents, employees and volunteers, from any claim, loss, injury or damage arising out of, or in conjunction with, performance of this agreement by Contractor and/or its agents, employees, subcontractors or volunteers, without limitation, claims caused by the current

negligent act or omission, whether active or passive, of the RTF, the SDHC, the City and County of San Diego, and its officers, agents, employees and volunteers; provided, however, that Contractor shall have no obligation to defend or indemnify the RTF, the City and County of San Diego, the San Diego Housing Commission, and the Housing Authority of the City of San Diego, and its officers, agents, employees and volunteers, from claims caused solely by the negligent, willful or criminal act of the RTF, the City of San Diego, the San Diego Housing Commission, and the Housing Authority of the City of San Diego, and its officers, agents, employees and volunteers. Contractor shall reimburse the RTF, the City of San Diego, the San Diego Housing Commission, and the Housing Authority of the City of San Diego, and its officers, agents, employees and volunteers for all costs, attorney's fees, expenses liabilities incurred with respect to any litigation in which Contractor is obligated to indemnify, defend and hold harmless the RTF, the City of San Diego, the San Diego Housing Commission, and the Housing Authority of the City of San Diego, and its officers, agents, employees and volunteers under this agreement.

2. Obligations of the City-County Reinvestment Task Force:

- A. COMPENSATION: RTF agrees the total compensation to be paid Contractor for implementing the Project described herein shall in no event exceed the sum of Seven Thousand Five Hundred (\$7500) Subject to the maximum not to exceed ceiling for compensation, Contractor shall be paid a rate up to five percent (5%) of the total Project funds and will be paid one half at the midpoint of the Project and one half at the end of the Project. Contractor shall not submit claims to the RTF or accept reimbursement from the RTF for incurred project costs additionally reimbursed from other project financing resources.
- B. TERM: This agreement shall commence when executed by the parties hereto and shall continue in full force and effect until June 30, 2006. The agreement may be terminated with or without cause by either party after 30 days written notice of intention to terminate has been given to the other party.
- C. CONTRACT ADMINISTRATION: The Director, City County Reinvestment Task Force, shall administer this agreement on behalf of SDHC and the RTF. The Executive Director for the Neighborhood Opportunities Corp. shall administer this agreement on behalf of the Contractor. Contractor agrees to supply to the SDHC and RTF within a reasonable period of time after request, progress reports or other documentation as shall be required by the RTF's and/or SDHC's contract administrator to audit performance of this agreement.

2. General Provision:

- A. **TERMINATION OF AGREEMENT FOR CAUSE:** Contractor and RTF recognize that the RTF through the SDHC is responsible for monitoring the proper performance of the Project's scope of work by the Contractor. If through any cause Contractor shall fail to fulfill in a timely and proper manner its obligations under this agreement to undertake, conduct or perform the scope of work identified in this agreement, or if contractor shall violate any state laws and regulations or local ordinances or regulations in the implementation of the project, or if Contractor shall violate any of the covenants, agreements, or stipulations of this agreement, the SDHC and RTF shall thereupon have the right to terminate this agreement by giving notice to Contractor of such termination and specifying the effective date thereof at least five days before the effective date of such termination. Notwithstanding the above, Contractor shall not be relieved of liability to the SDHC and RTF for damages sustained by the SDHC and RTF by virtue of any breach of the agreement by Contractor and the SDHC and RTF may withhold any payments to Contractor until such times as the exact amount of damages due the SDHC and RTF from Contractor is determined. Contractor hereby expressly waives any and all claims for damages for compensation arising under this agreement except as set forth in this section in the event of such termination.
- B. **PRECEDENCE:** This Agreement constitutes the entire agreement of the parties and supersedes any previous oral or written understandings or agreements related to the matters covered herein. This agreement may not be modified except by written amendment executed by each party.
- C. **GOVERNING LAW:** This MOU shall be governed by and interpreted in accordance with the laws of the State of California.
- D. **SIGNATORIES:** Each of the persons signing this MOU hereby represents and warrants that he or she has all the necessary authority to bind the Parties so represented. Accordingly, each Party hereby represents that all corporate or governmental action on its part and its officers, directors, and shareholders necessary for the authorization, execution, and delivery of this MOU has been taken.
- E. **AMENDMENT:** This MOU may not be amended or modified except in a written form executed by each of the Parties (with approval of RTF).
- F. **NOTICES:** Any notice, payment, or communication that either Party desires or is require to give the other Party shall be in writing and either personally delivered or deposited in the United States mail, First Class postage prepaid, addressed as follows:

If to Contractor: Jeff Washington
Executive Director
Neighborhood Opportunities Corp.
P.O. Box 420
National City, Ca. 91951

If to RTF: Reinvestment Director
City-County Reinvestment Task Force
625 Broadway, Suite 110
San Diego, CA 92105

With copy to: Carrol Vaughan
COO and Executive Vice President
San Diego Housing Commission
1625 Newton Ave.
San Diego, Ca. 92113

Notice shall be deemed to have been given forty-eight (48) hours from the time of mailing as provided in this section. Either Party may change its address by giving written notice of such change to the other Party in the manner provided by this section.

G. INTERPRETATION: The headings set forth in this MOU are for convenience only and shall not be used in interpreting this Agreement. The Parties represent that in entering into this MOU that the terms of the MOU are fully understood and voluntarily accepted by them.

H. BINDING AGREEMENT: This MOU is intended as a binding contract and its terms and obligations shall be binding upon and inure to the benefit of the Parties hereto and their successors and assigns.

EXHIBITS

The following Exhibit is an integral part of this Binding Memorandum of Understanding and is hereby incorporated as a part of this MOU:
Exhibit No. 1, Scope of Work

IN WITNESS WHEREOF, the Parties have executed this MOU effective as of the date set forth above.

Neighborhood Opportunities Corp.

Signed By: _____

Name: _____

Title: _____

Date: _____

San Diego Housing Commission
Acting on behalf of the RTF:

Signed By: _____

Name: _____

Title: _____

Date: _____

SDHC General Counsel
Approved as to form only

Signed By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT NO. 1

SCOPE OF WORK

As Fiscal Agent for the San Diego Financial Literacy Campaign the Reinvestment Task Force with the Neighborhood Opportunities Corp. the Contractor, Neighborhood Opportunities Corp. will be responsible for the following duties:

- A. Establishment and maintenance of an independent budgeting process for enhancing literacy through the San Diego Financial Literacy Campaign as approved by the Commission.
- B. Periodic check writing, dispersal, and accounting of project funds to implement the San Diego Financial Literacy Campaign as approved by the Commission. Checks will be written on receipt of a written request by Director of RTF only for such purposes. Contractor shall not be responsible for verifying the validity of the expenditures requested by the Director of the RTF, but the Director of the RTF shall verify the validity of such expenditures in advance of the request for disbursement.
- C. Supply to the RTF within a reasonable period of time but no longer than thirty (30) days after receipt of a written request from Director of RTF, progress reports and/or other documentation necessary to audit the performance of the Contractor under the terms of this agreement.
- D. Contractor shall reserve the right to be included on credits for Project and may choose to participate in Project advisory committee, subject to any normal approval process for inclusion in such committee.

ATTACHMENT 2

**San Diego Reinvestment Task Force
Financial Education Sub-Committee
Membership List**

Angela Lucero	Bank of America
Art Rivera	Washington Mutual
Chi Kim Tran	Citibank
Dan Lamar	SDG&E
Erica Opstad	US Bank
Gordon Boerner	SD National Bank
Gustavo Bidart	Citibank
Jasan Farran	County Supervisor Roberts
Kathy Patoff	Union Bank
Linda Buckner	Ca Bank and Trust
Mariano Diaz	SD Foundation
Nora Faine	SD Foundation
Reginald Sledge	Silvergate Bank
Tony Anton	First American Title
Venus Molina	Councilman Young's Office
Wendell French	Wells Fargo Bank