RDC
Advancing Regional Solutions

RESOLUTION
OF THE BOARD OF DIRECTORS
OF
RICHMOND DEVELOPMENT CORPORATION

Meeting Date: July 14, 2026 Resolution No.: 2026-04

TITLE: RESOLUTION AUTHORIZING THE EXECUTION OF A FUNDING SERVICES AND ADMINISTRATION AGREEMENT BETWEEN RICHMOND DEVELOPMENT CORPORATION AND RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY

RESOLUTION:

WHEREAS, the Richmond Development Corporation ("RDC") is a Virginia nonstock corporation organized to promote affordable housing, economic development, and community development within the Richmond metropolitan area and the Commonwealth of Virginia;

WHEREAS, RDC serves as a wholly-controlled subsidiary of the Richmond Redevelopment and Housing Authority ("RRHA") and is utilized by RRHA to advance affordable housing, redevelopment, economic development, and community development initiatives for the benefit of low- and moderate-income individuals and families;

WHEREAS, RDC and RRHA desire to establish a formal framework governing the solicitation, receipt, administration, transfer, reimbursement, and disbursement of grants, donations, sponsorships, contributions, and other funding sources in support of their respective missions and approved joint initiatives;

WHEREAS, the proposed Funding Services and Administration Agreement (the "Agreement") preserves the separate legal status of RDC and RRHA while establishing procedures for funding administration, reimbursement of administrative costs, financial accountability, recordkeeping, compliance, and internal controls consistent with applicable law, donor restrictions, and grant requirements; and

WHEREAS, the Board of Directors has reviewed the Agreement, attached hereto as ***Exhibit A***, and has determined that entering into the Agreement is in the best interests of RDC and will further RDC's charitable and corporate purposes while strengthening complementary corporate capabilities with RRHA.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of RDC hereby approves the Funding Services and Administration Agreement between RDC and the Richmond Redevelopment and Housing Authority, attached hereto as ***Exhibit A***.

NOW, THERFORE, BE IT FURTHER RESOLVED that the President and Chief Executive Officer of RDC is hereby authorized and directed to execute the Agreement on behalf of RDC.

NOW, THEREFORE, BE IT FINALLY RESOLVED that the officers of RDC are authorized to take such additional actions as may be necessary or appropriate to carry out the intent and purposes of this Resolution and to implement the Funding Services and Administration Agreement.

BOARD OF DIRECTORS' ACTION

Approved: ____________________ Disapproved: ________________________

SIGNED:

____

Steven B. Nesmith, Chairperson and President
Richmond Development Corporation

Votes Recorded				
Director	Aye	Nay	Abstain	Absent
Steven Nesmith				
David Rekas				
Sherrill Hampton				
Gregory Lewis				
Dyanne Broidy				
Marika McCray				
Marilyn Olds				

RRHA COMMISSIONERS' APPROVAL AND AUTHORIZATION

Approved __________ Disapproved __________

SIGNED:

____
Eddie L. Jackson, Jr., Chair
RRHA Board of Commissioners

Votes Recorded				
Commissioner	Aye	Nay	Abstain	Absent
Eddie L. Jackson, Jr.				
Harold Parker, Jr.				
Dyanne Broidy				
Kyle R. Elliott				
Barrett Hardiman				
W.R. "Bill" Johnson, Jr.				
Gregory Lewis				
Marika McCray				
Charlene Pitchford				

EXHIBIT A

FUNDING SERVICES AND ADMINISTRATION AGREEMENT

Funding Services and Administration Agreement

THIS FUNDING SERVICES AND ADMINISTRATION AGREEMENT (this Agreement") is made on July ____, 2026, by and between **RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the "Authority") and **RICHMOND DEVELOPMENT CORPORATION**, a Virginia nonstock corporation ("RDC") (individually referred to as a "Party" and collectively as the "Parties").

RECITALS

A. RDC is a tax-exempt corporation organized to promote affordable housing, economic development, and community development within the Richmond metropolitan area and the Commonwealth of Virginia.

B. RDC is further organized to support and facilitate the funding of affordable housing, economic development, and community development initiatives that benefit low- and moderate-income individuals and families.

C. RDC and the Authority desire to enter into this Agreement to establish a framework under which either Party may solicit, receive, administer, hold, and disburse grants, donations, contributions, sponsorships, and other funding sources in support of the missions, programs, redevelopment activities, and initiatives of RDC and the Authority. Through this collaborative arrangement, the Parties intend to coordinate their respective resources to advance affordable housing, community development, economic development, and related services that benefit low- and moderate-income individuals and families.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and of other good and valuable consideration, the parties hereto agree as follows:

1. GENERAL PRINCIPLES

1.1. Corporate Separateness

The Authority and RDC are separate legal entities. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency relationship, or assumption of liabilities by either Party. A Summary of Terms of this Agreement is set forth in **Schedule I**, attached hereto.

1.2. No Assumption of Debt

Except as expressly provided herein, neither Party shall assume, guarantee, or become liable for the debts, obligations, contracts, liabilities, or commitments of the other Party.

1.3. Compliance with Funding Requirements

The Parties shall comply with all applicable laws, regulations, donor restrictions, grant conditions, and funding requirements applicable to funds administered under this Agreement, including federal requirements applicable to grants and cooperative agreements.

2. FUNDING ADMINISTRATION

2.1. Receipt of Funds

RDC may solicit, receive, administer, and hold grants, donations, sponsorships, contributions, and other funding from public, private, philanthropic, and governmental sources in support of the Authority, RDC, or approved joint initiatives, with any funds transferred to RDC from the Authority, subject to the Authority's Board of Commissioners' approval.

2.2. **<u>Administration of Funds</u>**

RDC, through the Authority under the **<u>First Amended and Restated Management Agreement of Richmond Redevelopment and Housing Authority and Richmond Development Corporation</u>**, entered into on September 2, 2008, attached hereto as ***Exhibit A***, shall administer all funds received in accordance with applicable donor restrictions, grant agreements, funding conditions, and applicable laws and regulations.

2.3. **<u>Funds Raised for the Authority</u>**

Funds received by RDC that are designated for the Authority's programs, projects, or activities shall be transferred to the Authority or expended on the Authority's behalf in accordance with approved budgets, applicable funding requirements, and Board authorization, as required.

2.4. **<u>Joint Initiatives</u>**

Funds received for projects or initiatives jointly undertaken by the Authority and RDC may be retained and administered by RDC subject to budgets, work plans, or funding requirements approved by both Parties.

2.5. **<u>Fund Transfers</u>**

Any transfer of funds between the Parties shall be documented in writing and shall identify:

(a) The amount transferred;
(b) The funding source;
(c) Any applicable restrictions or conditions; and
(d) The intended use of the funds.

Such documents shall be maintained by the Authority's Finance Department subject to inspection by the Authority's Compliance and Legal Affairs Division.

3. REIMBURSEMENT OF AUTHORITY COSTS

3.1. Reimbursable Costs

RDC shall reimburse the Authority for reasonable and documented costs incurred by the Authority in connection with:

(a) Identifying funding opportunities;
(b) Preparing grant applications and funding proposals;
(c) Administering grant and donations;
(d) Accounting, bookkeeping, and financial reporting related to funding activities;
(e) Monitoring compliance with donor, grant, and regulatory requirements;
(f) Preparing required reports and supporting documentation;
(g) Audit support and recordkeeping activities; and
(h) Other funding-related administrative activities performed by the Authority on behalf of RDC.

3.2. Documentation

The Authority shall maintain documentation supporting all reimbursable costs and shall provide invoices or summaries of such costs to RDC upon request.

3.3. Payment

RDC shall reimburse the Authority within thirty (30) days following receipt of an invoice unless otherwise agreed by the Parties.

3.4. Federal Cost Principles

To the extent federal funds are involved, all reimbursements shall comply with applicable federal cost principles, including 2 C.F.R. Part 200 and any program-specific funding requirements.

4. DISBURSEMENT OF FUNDS

4.1. **Approval Authority**

Each Party shall maintain internal controls and approval procedures governing the disbursement of funds under its control, including, but not limited to, Board authorization by the respective Party.

4.2. **Funding Requests**

A Party requesting funds held by the other Party shall submit a written request identifying the amount requested, purpose of the request, funding source, and supporting documentation reasonably necessary to demonstrate compliance with applicable funding requirements. Such written requests shall be maintained by the Authority's Finance Department and shall be addressed to the respective Party's Chief Financial Officer or Treasurer for review and approval.

4.3. **Compliance Review**

The Party holding the funds may review requests to ensure compliance with applicable restrictions, grant conditions, donor requirements, and approved budgets before authorizing disbursement. The Authority's Compliance and Legal Affairs Division shall be granted necessary access to ensure compliance with this Section.

5. RECORDS, AUDIT, AND COMPLIANCE

5.1. **Records**

Each Party shall maintain complete and accurate records relating to funds received, administered, transferred, or expended pursuant to this Agreement.

5.2. **Reporting**

Each Party shall prepare and deliver such reports as may be reasonably requested by the governing body of the other Party or its own governing body regarding activities conducted pursuant to this Agreement.

5.3. **Retention**

Records shall be maintained for the period required by applicable law or regulation, grant requirements, donor restrictions, or funding agreements.

5.4. **Audit Cooperation**

Each Party shall provide reasonable access to records and personnel necessary to support audits, monitoring reviews, financial reporting, or compliance reviews relating to funds administered under this Agreement.

5.5. **Compliance Notices**

Each Party shall promptly notify the other of any known audit findings, compliance issues, repayment obligations, or alleged misuse of funds related to this Agreement.

6. TERM AND TERMINATION

6.1. **Term**

This Agreement shall commence on the Effective Date and remain in effect until terminated by either Party upon ninety (90) days written notice.

6.2. **Immediate Termination**

Either Party may terminate this Agreement immediately if continuation would violate applicable law or funding requirements.

6.3. **Effect of Termination**

Upon termination of this Agreement:

(a) Each Party shall satisfy outstanding obligations incurred before termination;
(b) Restricted or conditioned funds shall be distributed or returned in accordance with applicable funding requirements;
(c) Reimbursement obligations accrued before termination shall survive; and

(d) Records shall be maintained as required by Article 5.

7. REPRESENTATIONS

Each Party represents that:

(a) It is duly organized and authorized to enter into this Agreement;
(b) Execution of this Agreement has been properly approved;
(c) It shall comply with applicable laws and funding requirements; and
(d) It possesses the authority necessary to perform its obligations under this Agreement.

8. LIABILITY

8.1. **Separate Entities**

The Authority and RDC shall remain separate legal entities, and neither Party shall be liable for the debts, obligations, or liabilities of the other except as expressly provided herein.

8.2. **Funding Compliance**

Nothing in this Agreement relieves either Party of responsibility for compliance with restrictions applicable to funds received, administered, or expended by that Party.

8.3. **No Co-Mingling of Funds**

All funding, subject to this Agreement, shall be used in accordance with the terms and conditions of this Agreement. The Authority shall not co-mingle the monies of RDC with the monies of any other business of the Authority.

9. INDEMNIFICATION

To the extent permitted by applicable law, each Party (the "Indemnifying Party") shall indemnify and hold harmless the other Party (the "Indemnified Party"), together with its officers, directors, commissioners, employees, and agents, from and against any and all third-party claims, demands, actions, damages, losses, liabilities, judgments, costs, and reasonable attorneys' fees arising out of or resulting from::

(a) The Indemnifying Party's breach of this Agreement;
(b) The negligent acts or omissions or willful misconduct of the Indemnifying Party or its officers, directors, commissioners, employees, agents, contractors, or representatives in connection with this Agreement; or
(c) The Indemnifying Party's violation of applicable laws, grant requirements, or donor restrictions.

The obligations set forth in this Section shall not apply to the extent that any claim, loss, damage, or liability is caused by the negligence, willful misconduct, or breach of this Agreement by an Indemnified Party. Each Party shall promptly notify the other of any claim for which indemnification is sought and shall reasonably cooperate in the defense of such claim.

10. GENERAL PROVISIONS

10.1. **Assignment**

No party may assign, pledge, or otherwise transfer or encumber its interest in or any of its rights under this Agreement without the party's prior consent.

10.2. **Severability**

If any provision of this Agreement or the application thereof in any circumstance is deemed to be unenforceable, the remainder of this Agreement shall not be affected thereby and shall remain enforceable.

10.3. **Amendments**

This Agreement may be amended only by written agreement executed by both Parties.

10.4. **Entire Agreement**

This Agreement constitutes the entire agreement between the Parties and supersedes all prior discussions or understandings.

10.5. **Headings**

The Article and Section headings contained herein are for convenience of reference only and are not intended to define, limit, or describe the scope or intent of any provisions of this Agreement.

10.6. **Survival of Covenants**

Any covenant, term, or provision of this Agreement which, in order to be effective, must survive the termination of this Agreement, will survive any such termination.

10.7. **Third Parties**

None of the obligations of this Agreement of either Party will run to or be enforceable by any party other than the party to this Agreement or its assignee pursuant to the terms of this Agreement.

10.8. **Applicable Law**

This Agreement shall be construed and interpreted by, and be governed by, the laws of the Commonwealth of Virginia.

10.9. **Waivers**

No failure by the Authority or RDC to insist upon the strict performance of any covenant, agreement, term, or condition of this Agreement or to exercise any right or remedy upon the breach of this Agreement will constitute a waiver of any breach or any subsequent breach of the covenant, agreement, term, or condition. No covenant, agreement, term, or condition of this Agreement and no breach of this Agreement will be waived, altered, or modified except by written instrument. No waiver of any breach will affect or alter this Agreement, but each and every covenant, agreement, and term and condition of this Agreement will continue in full force and effect with respect to any other than existing or subsequent breach.

10.10. **Notices**

Except as otherwise provided in this Agreement, all notices, demands, requests, and other communications required or permitted to be given hereunder or which are to be given with respect to this Agreement, shall be in writing and shall be delivered in person or shall be sent by first class mail, return receipt requested, addressed to the persons to be so notified as set forth below.

RDC:

Richmond Development Corporation
c/o Richmond Redevelopment and Housing Authority
600 E. Broad Street, 4th Floor
Richmond, VA 23219
Attn: President/CEO

Authority:

Richmond Redevelopment and Housing Authority
600 E. Broad Street, 4th Floor
Richmond, VA 23219
Attn: Chief Executive Officer

10.11. **Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original.

[Signatures on Following Page]

WITNESS the following signatures.

AUTHORITY:

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY, a political subdivision of the Commonwealth of Virginia

By: ______________________________
Eddie L. Jackson

Title: Chairman of the Board of Commissioners

RDC:

RICHMOND DEVELOPMENT CORPORATION, a Virginia nonstock corporation

By: ______________________________
Steven B. Nesmith

Title: President and Chief Executive Officer

SUMMARY OF TERMS

1. Date of Agreement:	**July , 2026**
2. Parties:	**Richmond Redevelopment and Housing Authority ("Authority")** **and** **Richmond Development Corporation ("RDC")**
3. Purpose:	A framework through which RDC and the Authority may solicit, receive, administer, hold, transfer, and disburse grants, donations, sponsorships, contributions, and other funding sources in support of affordable housing, redevelopment, economic development, community development, and related initiatives undertaken by either Party or jointly by both Parties.
4. Corporate Relationship:	The Authority and RDC shall remain separate legal entities. Nothing contained in the Agreement creates a partnership, joint venture, agency relationship, or assumption of liabilities, and neither Party shall be responsible for the debts or obligations of the other except as expressly provided in the Agreement.
5. Funding Administration:	RDC may solicit and receive funding from public and private sources in support of RDC, the Authority, or approved joint initiatives. Funds shall be administered in accordance with applicable donor restrictions, grant agreements, funding conditions, applicable laws, and the existing Management Agreement between the Parties. Funds designated for the Authority shall be transferred to the Authority or expended on its behalf in accordance with approved budgets and applicable approvals.
6. Fund Transfers:	Funding received for collaborative projects may be retained and administered by RDC pursuant to jointly approved work plans, budgets, or funding requirements. Any transfer of funds between the Parties shall be documented in writing identifying the amount, funding source, applicable restrictions, and intended use, with supporting documentation maintained by the Authority's Finance Department.

7. Reimbursement to Authority: RDC shall reimburse the Authority for reasonable and documented costs incurred in identifying funding opportunities, preparing grant applications, administering grants and donations, accounting and financial reporting, compliance monitoring, audit support, recordkeeping, and other funding-related administrative services performed on RDC's behalf. Unless otherwise agreed, reimbursement shall be made within thirty (30) days following receipt of an invoice, and all federally funded reimbursements shall comply with applicable federal cost principles.

8. Disbursement of Funds: Each Party shall maintain its own internal controls and approval procedures governing the disbursement of funds under its control. Requests for funding shall be submitted in writing with sufficient supporting documentation, and the Party holding the funds may review each request for compliance with applicable donor restrictions, grant conditions, approved budgets, and legal requirements prior to authorizing disbursement.

9. Records and Compliance: Each Party shall maintain complete and accurate financial records, retain such records for all required retention periods, cooperate in audits and compliance reviews, and promptly notify the other Party of audit findings, compliance issues, repayment obligations, or known misuse of funds related to the Agreement.

10. Term and Termination: The Agreement shall become effective upon execution and continue until terminated by either Party upon ninety (90) days' written notice. Either Party may terminate immediately if continued performance would violate applicable law or funding requirements.

EXHIBIT A

FIRST AMENDED AND RESTATED MANAGEMENT AGREEMENT OF RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY AND RICHMOND DEVELOPMENT CORPORATION

First Amended and Restated Management Agreement

Of

Richmond Redevelopment and Housing Authority and

Richmond Development Corporation

THIS MANAGEMENT AGREEMENT (this "Agreement") is made on September 2, 2008 by and between **RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY,** a political subdivision of the Commonwealth of Virginia (the "Authority") and **RICHMOND DEVELOPMENT CORPORATION**, a Virginia nonstock corporation ("RDC").

RECITALS

A. RDC is a tax-exempt corporation organized to develop housing in the Richmond, Virginia metropolitan area and the Commonwealth of Virginia and commercial and industrial real estate in the same areas (the "Business")

B. RDC wishes to obtain the benefits of the Authority's expertise in the field of real estate development and management by contracting with the Authority to serve as an independent contractor for RDC and to undertake and perform the operation, direction, staffing, management and supervision of the Business and when the time is deemed appropriate by RDC, the hiring and training of staff for RDC subject to the terms and provisions of this Agreement (the "Services"). The Authority agrees to assume and perform the Services for RDC in consideration of the compensation set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and of other good and valuable consideration, the parties hereto agree as follows:

1. APPOINTMENT AND TERM

1.1 Authority's Hiring

RDC hereby appoints the Authority as manager and agent of the Business with the obligation to direct, manage and supervise the operation of the Business on behalf of RDC subject to the terms of this Agreement. RDC agrees that it will not (i) engage or otherwise grant to any other person the right to manage the Business or (ii) interfere with the Authority's right to manage the Business. A Summary of Terms of this Agreement is set forth in **Schedule I**, attached hereto.

1.2. Term

The initial operating term of this Agreement shall commence on the date this Agreement is fully executed (the "Commencement Date") and terminate on June 30, 2015 (the "Initial Term"). This Agreement shall automatically renew at the end of the Initial Term or at the end of any renewal term, with each year to run as an Operating Year (defined below), for a period of two (2) additional years ("Renewal Term") until terminated pursuant to Section 10 of this Agreement.

2. AUTHORITY'S MANAGEMENT OF BUSINESS

2.1 General Policies

The Authority will manage the Business in accordance with standards and policies appropriate for the operation of comparable businesses such as community development corporations ("CDCs"). The Authority will provide the Services listed on **Schedule II**. In its role as manager of the Business and in the name and for the account of RDC, the Authority shall have full authority to carry out the policies of RDC with regards to the operation, direction, management, control and supervision of the Business subject to the terms of this Agreement.

2.2 Employees

The Authority will select all personnel from the Authority's staff which the Authority determines to be necessary for the operation of the Business (collectively, "Employees"). All Employees remain employed by the Authority. All decisions with regard to the hours of work, including but not limited to the supervision of work performed and the discharge and replacement of all Employees will be made and implemented directly by the Authority. The Authority will administer necessary employee benefit programs, maintain all necessary records, file all reports, register the company to do business in Virginia and pay any and all taxes regarding Employees. The Authority will comply with all laws regarding the employment of Employees, including but not limited to ERISA, ADA, anti-discrimination laws, etc.

3. BUDGET

3.1 Annual Plan

RDC and the Authority acknowledge that the budgeting process is a critical factor to the successful operation of the Business and also a key communication link between the parties. Not later than ninety (90) days after the Commencement Date, the RDC will submit to the Board of Commissioners of RRHA (the "Board"), for its approval, a budget for the initial Operating Year with separate budgets for administration and each program or project of the RDC which comprise the Annual Plan (defined below). For purposes of this Section, the operating budget for the initial Operating Year (defined below) will be deemed the Annual Plan for that year. Thereafter, the RDC will submit to RRHA, for its approval, not later than thirty (30) days before the beginning of each Operating Year, the proposed Annual Plan for the Business (the "Annual Plan") comprised of the following:

(a) A statement of the estimated income and expenses for the Operating Year, based upon the Uniform Chart of Accounts for CDCs, which reflect the estimated results of the operation during each month of the Operating Year.

(b) A statement of sources and uses of funds (or cash flows) for administration and each program and project which comprise the Annual Plan.

3.2 <u>**Authority's Approval**</u>

At the request of the RDC, within ten (30) days after the Authority's receipt of the proposed Annual Plan, the Authority's representative shall review such budget with the Board. Each proposed Annual Budget shall be subject to the Authority's approval. The Authority's approval of the proposed Annual Plan shall be deemed given unless a specific written objection greater than ten percent (10%) of the budgeted amount or amounts thereto is delivered by RRHA to the RDC within thirty (30) days after the review by the Authority. Any revision to the Annual Budget shall be submitted to RRHA for approval, which approval shall not be unreasonably withheld and shall be deemed given unless a specific written objection greater than ten percent (10%) of the budgeted amount or amounts thereto is delivered to the Authority by RDC within fifteen (15) days after submission thereof. If RRHA does not approve an Annual Plan for the next fiscal year, the aggregate amount of the Annual Plan for the preceding year shall be increased by the change in the Consumer Price Index during the preceding twelve (12) month period and as so increased, shall be deemed to be the Annual Plan in effect until such time as a new Annual Plan shall have been approved by RDC.

4. AUTHORITY'S REPORTS TO RDC

4.1 Quarterly Reports

The Authority will deliver, not later than the twentieth (20^{th}) day of the month, a balance sheet, statement of cash flows and detailed profit and loss statement showing the results of the operation of the Business for the prior quarter and year-to-date with a comparison to the forecasts contained in the then current Annual Plan in accordance with the Uniform System of Accounts for CDCs and an accounts payable aging report and a statement of net assets (or equity).

4.2 Year-End Reports

Within one hundred twenty (120) days after the end of each Operating Year, the Authority will deliver to RDC, Federal Form 990 (and any related tax forms) and within one hundred eighty (180) days, audited financial statements from an independent certified public accounting firm or as otherwise determined by RDC and the Authority.

4.3 Budgeting and Reporting Requirements

The Authority shall ensure that RDC complies with all budgeting and reporting requirements for financial assistance and/or awards received from Federal programs (such as HOME funds from HUD) as set forth in 24 CFR Part 84 and as required under Virginia law.

5. BUSINESS ACCOUNTS

5.1 Business Operating Account

The Authority will select all banks with which the Business will conduct its various banking affairs, subject however, to RDC's approval. The Authority will be an authorized signatory on all bank accounts. All funds received in the operation of the Business will be deposited into one or more accounts bearing the name of the Business (the "Business Accounts"). Except for lender maintained accounts, all funds to be made available to the Authority by RDC for the operation of the Business and all funds derived from the operation of the Business shall be deposited and invested in Federally Insured Accounts of a type and with financial institutions selected by the Authority and approved by RDC.

5.2 No Co-Mingling of Funds

The Business Accounts shall be used in connection with the operation of the Business and the performance of the terms and conditions of this Agreement. The Authority agrees to segregate all receipts, accounts and records pertaining to the Business operations. The Authority shall maintain the bank accounts of RDC and may not co-mingle the monies of RDC with the monies of any other business of the Authority.

6. REIMBURSABLE COSTS, MANAGEMENT FEE AND EXPENSES

6.1 Reimbursable Costs

The Reimbursable Costs will be based on RDC reimbursing the Authority for the costs incurred by the Authority for time spent by the Employees working on assignments for RDC on a monthly basis. The monthly amount for Reimbursable Costs shall be based on the monthly direct and indirect labor costs for the Employees working on RDC assignments (the "Monthly Labor Costs"). The Reimbursable Costs will be payable no later than the tenth (10th) day of the month immediately succeeding the month for which the Reimbursable Costs are incurred and the Authority will disburse the Reimbursable Costs from Business Accounts.

For any Reimbursable Cost not paid to the Authority by the end of an Operating Year, RDC shall execute a promissory note payable to the Authority for the amount owed in such Operating Year with interest to accrue at the rate of six percent (6%) per annum and the principal and interest amounts to be paid in equal amortized monthly payments for twelve (12) months.

In the event that the Authority pays or advances any amounts from its own funds, rather than from the funds of RDC, in payment of any expenses required to be paid or reimbursed by RDC hereunder, RDC shall reimburse the Authority for such amounts within thirty (30) days after the Authority's request. Alternatively, the Authority may elect to reimburse itself from the Business Accounts of RDC for such advances made provided that the Authority shall account for any such reimbursement to itself in the quarterly and annual reports provided for herein.

The Authority has no obligation to pay or advance any of its funds on RDC's behalf with respect to the Business.

6.2 Management Fee

During and on account of each Operating Year, RDC shall pay to the Authority for its services provided under this Agreement a monthly Management Fee equal to five percent (5%) of the Monthly Labor Costs. The Management Fee will be payable no later than the tenth (10th) day of the month immediately succeeding the month for which the Management Fee is earned and the Authority will disburse the Management Fee from the Business Accounts.

For any Management Fee not paid to the Authority by the end of an Operating Year, RDC shall execute a promissory note payable to the Authority for the amount owed in such Operating Year with interest to accrue at the rate of six percent (6%) per annum and the principal and interest amounts to be paid in equal amortized monthly payments for twelve (12) months.

6.3 **Incentive Management Fee**

During and on account of each Operating Year, RDC shall pay to the Authority for its services provided under this Agreement a monthly Incentive Management Fee equal to the lesser of: (i) five percent (5%) of gross revenue per month for each month the Business earns gross revenue or (ii) net income generated by the Business on a monthly basis before the deduction of the Incentive Management Fee for the month. The Incentive Management Fee will be payable no later than the tenth (10th) day of the month immediately succeeding the month for which the Incentive Management Fee is earned and the Authority will disburse the Incentive Management Fee along with other obligations of the Business in the time frame specified above. Gross revenues mean all revenues of and receipts from the Business and all its uses of every nature and kind regardless of sources.

For any Incentive Management Fee not paid to the Authority by the end of an Operating Year, RDC is to execute a promissory note payable to the Authority for the amount owed in such Operating Year with interest to accrue at the rate of six percent

(6%) per annum and the principal and interest amounts to be paid in equal amortized monthly payments for twelve (12) months.

7. DISBURSEMENTS

7.1 Priority of Payments

All gross revenues will be deposited in the bank accounts of RDC as and when received. The Authority is authorized to disburse on a current basis, on behalf of RDC, funds from the bank accounts of RDC (to the extent available) in the following order of priority:

(a) Payment of payroll and payroll taxes for RDC employees, if any.

(b) Payment of any reimbursable amounts to the Authority under Section 6.2 of this Agreement.

(c) Payment of the Authority's compensation as provided in Section 6.1 of this Agreement.

(d) Payment of operating expenses incurred by RDC in connection with the operation of the Business (including the Authority's compensation under Section 6.3 of this Agreement).

(e) Capital improvements or amounts escrowed.

The Authority may reserve funds in RDC's bank accounts each month to cover cash deficiencies anticipated to occur at the Business during the sixty (60) day period following any monthly disbursement date.

8. INSURANCE

8.1 Insurance Coverage

Except as provided under Section 8.2, RDC shall provide and maintain, during the term of this Agreement, as an expense of the Business' operations, adequate insurance on the Business, including business interruption insurance, general public liability insurance, directors' and officers' liability insurance and any other appropriate insurance and any greater amount of any insurance that RDC shall be required to carry pursuant to any agreement affecting the Business.

8.2 Authority Methods of Obtaining Insurance

At the Authority's option, the Authority may procure and maintain the insurance set forth in Section 8.1 by: (i) undertaking the procurement of insurance directly in its own name on behalf of the Authority and RDC or (ii) agreeing to coverage under the Authority's blanket policies.

8.3 Parties Insured, Amount of Coverage, Etc.

All insurance policies provided for in Sections 8.1 and 8.2 will include:

(a) The Authority and RDC as parties insured, as their interests may appear.

(b) Coverage deductibles as will be reasonably agreed to from time to time by the Authority and RDC.

(c) Where appropriate, the insurer's waiver of subrogation rights against the Authority.

(d) A requirement that the insurer provide to RDC at least sixty (60) days' notice of cancellation or material change in the terms and provisions of the policies.

8.4 Evidence of Insurance

At least ten (10) days prior to the expiration date of all insurance policies, the party obtaining the insurance will provide the other party with a binder or certificates of insurance evidencing renewal.

9. INDEMNITIES

9.1 Indemnification to Authority

RDC will defend, indemnify and hold the Authority harmless from and against any and all actions, suits, claims, penalties, losses, liabilities, damages and expenses, including attorneys' fees and costs arising out of the Services performed or to be performed by the Authority under this Agreement (whether directed by RDC or not), including liabilities arising with respect to any claim related to or arising from the Business except claims based upon the Authority's gross negligence, fraud, willful misconduct or action beyond the authority granted to the Authority by this Agreement.

9.2 Not used.

9.3 Indemnified Parties

The indemnities contained in this Article 9 will run to the benefit of the Authority and the directors, officers, agents and employees of the Authority and of their affiliates.

9.4 General Rules of Indemnification

Any indemnification hereunder shall be conditioned upon prompt notice being given to the indemnitor by the indemnitee of any claim and upon the right of the indemnitor to defend the claim with counsel of its own choosing, reasonably acceptable to the indemnitee. This Article 9 shall not relieve the parties of any responsibility to comply with obligations regarding contractual payments under this Agreement.

9.5 Survival

This Article 9 shall survive the expiration or other termination of this Agreement.

10. TERMINATION

10.1 Termination of Agreement

Any party may terminate this Agreement as of the conclusion of the Initial Term or any Renewal Term with sixty (60) days' advance notice to the other party.

10.2 Termination by Authority

The Authority may terminate this Agreement upon the occurrence of any of the following:

(a) RDC defaults in its performance of any obligation of this Agreement and (i) fails to cure the default within thirty (30) days after written notice of such default or (ii) if the default is susceptible to cure but cannot be cured in thirty (30) days, then fails to commence within thirty (30) days to diligently pursue the cure of such default.

(b) The Authority notifies RDC that it has insufficient funds to repair or correct any condition at the Business which is in violation of any legal requirement or insurance requirement or presents a threat to life-safety and RDC fails to provide sufficient funds to repair or correct the condition within seven (7) days of the notice.

(c) RDC loses title or possession or the right to title or possession of all or a significant part of the Business or its assets.

10.3 Termination by RDC

The RDC may terminate this Agreement upon the occurrence of any of the following:

(a) The Authority defaults in its performance of any obligation of this Agreement and (i) fails to cure the default within thirty (30) days after written notice or (ii) if the default is susceptible to cure but cannot be cured in thirty (30) days, then fails to commence within thirty (30) days and to diligently pursue the cure.

(b) If the Business is sold or substantially all of its assets are sold to an unaffiliated third party.

10.4 Termination by Authority or RDC

Unless waived, either party may declare a default if any involuntary proceeding in bankruptcy is filed against the other which is not dismissed within sixty (60) days after filing, any voluntary proceeding in bankruptcy is filed by the other, a receiver is appointed for the other or the other makes an assignment for the benefit of creditors.

10.5 Termination by Agreement

The parties may agree to terminate this Agreement by mutual agreement.

10.6 Remedies

Termination of this Agreement will constitute the exclusive remedy of either the Authority or RDC except for any management fee due to the Authority by RDC. The prevailing party will be entitled to attorneys' fees and costs incurred from the other party to enforce the prevailing party's rights and remedies under this Agreement.

10.7 Action on Termination

For purposes of this Agreement the "effective date of termination" shall mean (i) the date specified therefore in the notice of termination given by either party, (ii) if no date is specified in the notice of termination, the date on which such notice is deemed to have been given as provided in Section 11.11 of this Agreement or (iii) the expiration date of the term of this Agreement if not sooner terminated or renewed provided that in no event shall the effective date of termination be earlier than permitted by the express terms of this Agreement. On the effective date of any termination of this Agreement, the Authority shall:

(a) Surrender and deliver to RDC all bank accounts of RDC with all money collected and held for RDC including any money received after the termination hereof less any compensation or reimbursement to which the Authority is then entitled to receive under the terms of this Agreement.

(b) Deliver to RDC all property and documents of RDC and all records relating to the Business then in the custody of the Authority.

(c) Assign to RDC any contracts relating to the operation of the Business not otherwise in the name of RDC.

(d) Deliver to RDC a complete list of all contracts, agreements and obligations entered into or incurred by the Authority during the term hereof in the course of the Authority's performance of its duties hereunder.

(e) Furnish such other information and take such other actions as RDC shall reasonably require to end the Authority's duties hereunder.

11. GENERAL PROVISIONS

11.1 No Partnership or Joint Venture

Nothing contained in this Agreement will be construed to be or create a partnership or joint venture between RDC, any affiliate of RDC, its successors or assigns, on the one part, and the Authority, any affiliate of the Authority, its successors and assigns, on the other part.

11.2 Assignment

No party may assign, pledge or otherwise transfer or encumber its interest in or any of its rights under this Agreement without the other party's prior consent.

11.3 Severability

If any provision of this Agreement or the application thereof in any circumstance is deemed to be unenforceable, the remainder of this Agreement shall not be affected thereby and shall remain enforceable.

11.4 Modification and Changes

This Agreement cannot be changed or modified except by another agreement in writing signed by the party sought to be charged therewith, or by its duly authorized agent.

11.5 Understandings and Agreements

This Agreement constitutes all of the understandings and agreements of whatsoever nature or kind existing between the parties with respect to the Authority's management of the Business.

11.6 Headings

The Article and Section headings contained herein are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provisions of this Agreement.

11.7 Survival of Covenants

Any covenant, term or provision of this Agreement which, in order to be effective, must survive the termination of this Agreement, will survive any such termination.

11.8 Third Parties

None of the obligations of this Agreement of either party will run to or be enforceable by any party other than the party to this Agreement or its assignee pursuant to the terms of this Agreement.

11.9 Waivers

No failure by the Authority or RDC to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise any right or remedy upon the breach of this Agreement will constitute a waiver of any breach or any subsequent breach of the covenant, agreement, term or condition. No covenant, agreement, term or condition of this Agreement and no breach of this Agreement will be waived, altered or modified except by written instrument. No waiver of any breach will affect or alter this Agreement, but each and every covenant, agreement and term and condition of this Agreement will continue in full force and effect with respect to any other than existing or subsequent breach.

11.10 Applicable Law

This Agreement will be construed and interpreted by, and be governed by, the laws of Virginia.

11.11 Notices

Except as otherwise provided in this Agreement, all notices, demands, requests and other communications required or permitted to be given hereunder or which are to be given with respect to this Agreement, shall be in writing and shall be delivered in person or shall be sent by express courier or by first class mail or registered or certified mail, postage prepaid, return receipt requested, addressed to the persons to be so notified as set forth below.

RDC:

Richmond Development Corporation
c/o Richmond Redevelopment and Housing Authority
901 Chamberlayne Parkway
Post Office Box 26887
Richmond, Virginia 23261-6887
Attn: President

Authority:

Richmond Redevelopment and Housing Authority
901 Chamberlayne Parkway
Post Office Box 26887
Richmond, Virginia 23261-6887
Attn: Executive Director

All such notices, demands, requests and other communications shall be deemed to have been given upon the earlier of (i) delivery at the appropriate address specified above, whether in person, by express courier or by mail or (ii) three (3) days after the postmark date of mailing. Rejection or other refusal to accept or the inability to deliver because of a changed address of which no notice was given shall not invalidate the effectiveness of any notice, demand, request or other communication.

11.12 Operating Year

Operating year ("Operating Year") means each twelve (12) month period commencing on the first (1^{st}) day of July (except for the first year which will commence on the Commencement Date) and ending on the subsequent June 30 (unless this Agreement is terminated before the end of a year).

11.13 Successors and Assigns

Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding on the parties hereto and their respective heirs, personal representatives, successors and assigns.

[Signatures appear on next page.]

WITNESS the following signatures.

AUTHORITY:

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY, a political subdivision of the Commonwealth of Virginia

By: ______________________________
Brian K. Jackson, Esq.

Title: Chairman of the Board of Commissioners

RDC:

RICHMOND DEVELOPMENT CORPORATION, a Virginia nonstock corporation

By: ______________________________
Anthony Scott

Title: President and Chief Executive Officer

Schedule I

SUMMARY OF TERMS

1. **Date of Agreement:**	September 2, 2008
2. **RDC:**	Richmond Development Corporation, Inc., a Virginia nonstock corporation
3. **Business:**	Develops housing and commercial real estate in Richmond Metropolitan area and Commonwealth of Virginia
4. **Commencement Date:**	September 2, 2008
5. **Initial Term:**	September 2, 2008 to June 30, 2015
6. **Reimbursable Costs:**	Based on the reimbursement of the Monthly Labor Costs incurred by the Authority and any advances made by the Authority for RDC. The reimbursement of the Monthly Labor Costs shall be paid by the tenth (10th) day of the month after the Monthly Labor Costs are incurred. For any of the Monthly Labor Costs not paid to the Authority by the end of an Operating Year, RDC shall execute a promissory note payable to the Authority for the amount owed in such Operating Year with interest to accrue at the rate of six percent (6%) per annum and the principal and interest amounts to be paid in equal amortized monthly payments for twelve (12) months.
7. **Management Fee:**	Based on five percent (5%) of the Monthly Labor Costs incurred by the Authority. The Management Fee shall be paid by the tenth (10th) day of the month after the Management Fee is earned. For any Management Fee not paid to the Authority by the end of an Operating Year, RDC shall execute a promissory note payable to the Authority for the amount owed in such Operating Year with interest to accrue at the rate of six percent (6%) per annum and the principal and interest amounts to be paid in

equal amortized monthly payments for twelve (12) months.

8. Incentive Management Fee: Based on an incentive fee payable to the Authority. The Incentive Management Fee is based on the lesser of: (i) five percent (5%) of gross revenue per month for each month the Business earns gross revenue or (ii) net income generated by the Business on a monthly basis before the deduction of the Incentive Management Fee for the month. For any Incentive Management Fee not paid to the Authority by the end of an Operating Year, RDC shall execute a promissory note payable to the Authority for the amount owed in such Operating Year with interest to accrue at the rate of six percent (6%) per annum and the principal and interest amounts to be paid in equal amortized monthly payments for twelve (12) months.

Schedule II

MANAGEMENT SERVICES INCLUDED IN MANAGEMENT FEES

BUSINESS OPERATIONS

1. Establish staffing requirements as approved by RDC.
2. Recommend employees, contractors, consultants, counsel, auditors, professionals, etc. for RDC to consider for approval.
3. Assist with establishing fees, rates and charges for the services to be provided by the Business as approved by RDC.
4. Implement sales and marketing strategies as approved by RDC.
5. Supervise operations in accordance with standards of CDCs.
6. Supervise purchase orders and negotiation of service agreements as approved by RDC.
7. Operate all programs and services of the Business.
8. Supervise all of the Services of the Business.
9. Supervise the purchase of operating supplies and operating equipment.
10. Pay all expenses incurred in the operation of the Business.
11. Maintain the Business in good order, repair and condition, subject to availability of funds.
12. Obtain insurance for RDC as approved by RDC.
13. Implement RDC's standard administrative, accounting, budgeting, marketing and operational policies and services for the Business.

ACCOUNTING SERVICES

1. Prepare budgets and ensure RDC complies with budgeting and reporting requirements under applicable Federal and Virginia law.
2. Prepare and submit all tax returns as approved by RDC.
3. Process accounts payable and pay vendors.
4. Prepare quarterly financial statements and submit to RDC by 20th of the following month.
5. Provide cash management services.
6. Prepare and submit monthly debt service and escrow payments prior to expiration of grace period.
7. Assist outside accountants in preparation of annual tax returns and year end financial statements.
8. Conduct operational and financial compilations, reviews or audits as approved by RDC.
9. Oversee payroll and preparation of payroll tax returns as approved by RDC.
10. Pay the management fee and costs and any reimbursements due to the Authority by RDC.
11. Oversee collection of accounts receivable.