

SUCCESSOR AGENCY TO THE COUNTY OF MARIN REDEVELOPMENT AGENCY

Independent Accountants' Report on Applying Agreed-Upon Procedures
On the County of Marin Redevelopment Agency's
And
The Successor Agency to the County of Marin Redevelopment Agency's
All Other Funds

Pursuant to California Health and Safety Code Section 34179.5

**COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS**

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**Independent Accountants' Report on Applying
Agreed-Upon Procedures Related to All Other Funds**

Oversight Board of the Successor Agency
to the County of Marin Redevelopment Agency
County of Marin, California

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California Department of Finance, the California State Controller's Office, the Marin County Auditor-Controller, and the Successor Agency to the County of Marin Redevelopment Agency (Successor Agency), (collectively, the Specified Parties), solely to assist you in meeting the statutory requirements of Health and Safety Code Section 34179.5 related to all other funds except for the Low and Moderate Income Housing Fund ("All Other Funds") of the former County of Marin Redevelopment Agency and the Successor Agency. Management of the Successor Agency is responsible for meeting the statutory requirements of Health and Safety Code Section 34179.5 related to All Other Funds. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on whether the Successor Agency has met the statutory requirements of Health and Safety Code Section 34179.5 related to All Other Funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Oversight Board and management of the Successor Agency to the County of Marin Redevelopment Agency, the California Department of Finance, the California State Controller's Office, and the Marin County Auditor-Controller, and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Diehl Evans LLP

Irvine, California

December 3, 2012

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

1. Procedure:

Obtain from the Successor Agency a listing of all assets that were transferred from All Other Funds of the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Finding:

We agreed the amounts listed on Schedule 1 to the Successor Agency's accounting records without exceptions. The former redevelopment agency transferred \$2,657,031 in assets from All Other Funds to the Successor Agency as detailed in Schedule 1.

2A. Procedure:

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the former redevelopment agency to the county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding:

Transfers from All Other Funds of the former redevelopment agency other than payments for goods and services to the County of Marin for the period January 1, 2011 through January 31, 2012 are shown in Schedule 3.

2B. Procedure:

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the Successor Agency to the county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding:

Transfers from All Other Funds of the Successor Agency other than payments for goods and services to the County of Marin for the period February 1, 2012 through June 30, 2012 are shown in Schedule 3.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
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2C. Procedure:

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Finding:

Schedule 3 shows the details for the enforceable obligation or other legal requirement supporting the transfers.

3A. Procedure:

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding:

This procedure is not applicable as the former redevelopment agency did not make any transfers to other public agencies or private parties other than payments for goods and services from All Other Funds during the period from January 1, 2011 through January 31, 2012.

3B. Procedure:

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and described in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not make any transfers to other public agencies or private parties other than payments for goods and services from All Other Funds during the period from February 1, 2012 through June 30, 2012.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

3C. Procedure:

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Finding:

This procedure is not applicable as the former Redevelopment Agency and Successor Agency did not make any transfers from All Other Funds to public agencies or private parties from January 1, 2011 through June 30, 2012.

4. Procedure:

Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods ended June 30, 2010, June 30, 2011, January 31, 2012 and June 30, 2012. Ascertain that for each period presented, the total of revenues, expenditures and transfers account fully for the changes in equity from the previous fiscal period. Compare amounts for the fiscal period ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period. Compare the amounts for the other fiscal periods presented to the account balances in the accounting records or other supporting schedules.

Finding:

The reconciliation required by this Procedure is shown in Schedule 2.

5. Procedure:

Obtain from the Successor Agency a listing of all assets related to All Other Funds of the former Redevelopment Agency as of June 30, 2012. Agree the assets on the listing to the accounting records of the Successor Agency.

Finding:

As of June 30, 2012, the Successor Agency's total assets related to All Other Funds of the former redevelopment agency amounted to \$2,805,264 as shown in Schedule 4.

6. Procedure:

Obtain from the Successor Agency a listing of asset balances related to All Other Funds of the former redevelopment agency on June 30, 2012 that were restricted for the following purposes:

- unspent bond proceeds,
- grant proceeds and program income restricted by third parties, and
- other assets with legal restrictions.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
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ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

6A. Procedure - Unspent Bond Proceeds:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain the legal document that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to All Other Funds of the former redevelopment agency did not include unspent bond proceeds as of June 30, 2012.

6B. Procedure - Grant Proceeds and Program Income Restricted by Third Parties:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain a copy of the grant agreement that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to All Other Funds of the former redevelopment agency did not include grant proceeds and program income restricted by third parties as of June 30, 2012.

6C. Procedure - Other Assets Considered to be Legally Restricted:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records or other supporting documentation. We obtained the legal document that sets forth the restriction pertaining to these balances.

Finding:

The Successor Agency's assets as of June 30, 2012 contain \$66,063 of cash with fiscal agent that is legally restricted for payments on the Gateway Refunding Authority Bonds as shown in Schedule 5.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
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7. Procedure:

Obtain from the Successor Agency a listing of assets of All Other Funds of the former redevelopment agency as of June 30, 2012 that are not liquid or otherwise available for distribution and ascertain if the values are listed at either purchase cost or market value as recently estimated by the Successor Agency. For assets listed at purchased cost, trace the amount to a previously audited financial statement or other accounting records of the Successor Agency and note any differences. For any differences noted, inspect evidence of asset disposal subsequent to January 31, 2012 and ascertain that the proceeds were deposited into the Successor Agency's trust fund. For assets listed at recently estimated market value, inspect evidence supporting the value and note the methodology used.

Finding:

The Successor Agency's assets as of June 30, 2012 consist of \$140,014 of assets that are not liquid or otherwise available for distribution, including capital assets of \$30,014 and a long-term note receivable of \$110,000. Assets that are not liquid or otherwise available for distribution are recorded at cost.

8A. Procedure:

If the Successor Agency identified that existing asset balances were needed to be retained to satisfy enforceable obligations, obtain an itemized schedule of asset balances (resources) as of June 30, 2012 that were dedicated or restricted for the funding of enforceable obligations. Compare the information on the schedule to the legal documents that formed the basis for the dedication or restriction of the resource balance in question. Compare all current balances which needed to be retained to satisfy enforceable obligations to the amounts reported in the accounting records of the Successor Agency or to an alternative computation. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule (ROPS) approved by the California Department of Finance. If applicable, identify any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Finding:

As of June 30, 2012, the Successor Agency's asset balances to be retained in order to satisfy enforceable obligations amount to \$240,519 as detailed in Schedule 6A. These enforceable obligations were reported on ROPS I and approved by the State of California Department of Finance. The Agency does not expect any revenues to pay for these enforceable obligations.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
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8B. Procedure:

If the Successor Agency identified that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that include a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements. Compare the enforceable obligations to those that were approved by the California Department of Finance for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012. Compare the forecasted annual spending requirements to the legal document supporting the enforceable obligation and obtain the Successor Agency's assumptions relating to the forecasted annual spending requirements. Obtain the Successor Agency's assumptions for the forecasted annual revenues. Disclose the major assumptions for the forecasted annual spending requirements and the forecasted annual revenues in this AUP report.

Finding:

The Successor Agency has prepared a cash flow projection through 2016 (Schedule 6B) that shows total resources available to satisfy enforceable obligations reported previously in ROPS I and II. The projected total revenues of \$5,599,552 are amounts that would have been available to meet the requirements of these enforceable obligations. The total estimated spending requirements are \$9,137,651. The total resources available less the estimated spending requirements through 2016 result in a projected deficit of \$3,538,099 as shown in Schedule 6B. The assumptions for the projected revenues and the spending requirements are shown in Schedule 6B. Also, see Schedule 6B for items disallowed by the State of California Department of Finance on ROPS III. Management of the Successor Agency disagrees with this determination and has appealed this decision under a "Meet and Confer" process with the Department of Finance on October 15, 2012. As of the date of this report no findings have been issued.

8C. Procedure:

If the Successor Agency identified that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain a schedule demonstrating this insufficiency. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement. Obtain the assumptions for the forecasted property tax revenues and other general purpose revenues and disclose them in this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

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ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
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8D. Procedure:

If Procedures 8A, 8B and 8C were performed, calculate the amount of unrestricted balances necessary for retention in order to meet enforceable obligations. Combine the amount identified as currently restricted balances and the forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations. Reduce the total resources available by the amount of forecasted annual spending requirements. Include the calculation in this AUP report.

Finding:

The unrestricted balances necessary for retention to meet enforceable obligations are detailed in Schedules 6, 6A and 6B.

9. Procedure:

If the Successor Agency identified that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should identify (a) any dollar amount of existing cash that was needed to satisfy the obligation, and (b) the Successor Agency's explanation as to why the Successor Agency believes that such balances were needed to satisfy the obligation. Include this schedule as an attachment to this AUP report.

Finding:

The Successor Agency has identified \$1,498,880 in cash balances be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 to June 30, 2013 as shown in Schedule 7.

10. Procedure:

Present a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies. Amounts included in the calculation should agree to the results of the procedures performed above. Agree any deductions for amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance to evidence of payment.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY

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10. **Finding:**

The schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies is shown in Schedule 8. The computation shows that the Successor Agency does not have a balance available to be remitted to the County for disbursements to taxing agencies.

11. **Procedure:**

Obtain a representation letter from management of the Successor Agency acknowledging their responsibility for the data provided and the data presented in the report or in any schedules or exhibits to the report. Included in the representations is an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in this AUP report and its related schedules or exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Finding:

No exceptions were noted as a result of this Procedure.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS TRANSFERRED TO SUCCESSOR AGENCY

As of February 1, 2012

		Total Assets as of <u>February 1, 2012</u>
	ASSETS	
Cash and investments		\$ 2,167,474
Cash and investments with fiscal agent		349,543
Note receivable		110,000
Capital assets		<u>30,014</u>
TOTAL ASSETS		<u><u>\$ 2,657,031</u></u>

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL FUNDS

RECONCILIATION OF FINANCIAL TRANSACTIONS FOR THE PERIODS ENDED
JUNE 30, 2010, JUNE 30, 2011, JANUARY 31, 2012 AND JUNE 30, 2012

	(A) Redevelopment Agency 12 Months Ended 6/30/2010	(A) Redevelopment Agency 12 Months Ended 6/30/2011	(B) Redevelopment Agency 7 Months Ended 1/31/2012	(B) Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and investments	\$ 1,842,380	\$ 1,643,241	\$ 2,167,847	\$ 2,100,078
Cash and investments with fiscal agent	71,411	66,021	349,543	66,063
Accounts receivable	66,335	-	-	627,730
Note receivable	110,000	110,000	110,000	110,000
Total Assets	<u>\$ 2,090,126</u>	<u>\$ 1,819,262</u>	<u>\$ 2,627,390</u>	<u>\$ 2,903,871</u>
Liabilities (modified accrual basis)				
Accounts payable	\$ 144,433	\$ 17,392	\$ 225,373	\$ 368,902
Total Liabilities	144,433	17,392	225,373	368,902
Equity	<u>1,945,693</u>	<u>1,801,870</u>	<u>2,402,017</u>	<u>2,534,969</u>
Total Liabilities and Equity	<u>\$ 2,090,126</u>	<u>\$ 1,819,262</u>	<u>\$ 2,627,390</u>	<u>\$ 2,903,871</u>
Total Revenues	\$ 1,723,021	\$ 1,853,871	\$ 2,539,516	\$ 629,285
Total Expenditures	(2,379,074)	(1,692,193)	(1,019,624)	(360,323)
Transfer to Private Parties	-	(305,501)	(152,813)	(128,010)
Transfers In from RDA Funds	1,144,797	568,313	152,810	128,010
Transfers Out to RDA Funds	(1,144,797)	(568,313)	(152,810)	(128,010)
Transfers Out to County of Marin	-	-	(766,932)	(8,000)
Net change in equity	(656,053)	(143,823)	600,147	132,952
Beginning Equity	2,601,746	1,945,693	1,801,870	2,402,017
Ending Equity	<u>\$ 1,945,693</u>	<u>\$ 1,801,870</u>	<u>\$ 2,402,017</u>	<u>\$ 2,534,969</u>
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	<u>\$ 30,014</u>	<u>\$ 30,014</u>	<u>\$ 30,014</u>	<u>\$ 30,014</u>
Long-term debt as of end of year	<u>\$ 11,080,000</u>	<u>\$ 10,740,000</u>	<u>\$ 10,370,000</u>	<u>\$ 10,370,000</u>

(A) Agreed information to the State Controller's Report and audited financial statements.

(B) Agreed information to the County's general ledger.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY
TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS TRANSFERRED TO COUNTY OF MARIN

From January 1, 2011 through January 31, 2012:

Date	Payee	Amount
November 28, 2011	County of Marin - payment to the County of Marin for the amount received by the former redevelopment agency in excess of \$1 million from Drake Marin Associates as required by section 6 of the Marin City Community Land Corporation and Marin County Redevelopment Agency Agreement 9/29/95 (See Exhibit #2). \$8,000 was received by the former redevelopment agency on 6/15/11 for interest due on a note receivable. The County of Marin is entitled to the proceeds since they provide the services to the Marin City community.	\$ 8,000
November 28, 2011	County of Marin - payment to the County of Marin for the amount received by the former redevelopment agency in excess of \$1 million from Marin City CLC as required by section 6 of the Marin City Community Land Corporation and Marin County Redevelopment Agency Agreement 9/29/95 (See Exhibit #2). \$1,533,932 was received by the former redevelopment agency on 9/30/11 due to the sale of property by Marin City CLC. The County of Marin is entitled to the proceeds received in excess of \$1 million since they provide the services to the Marin City community.	533,932
Total Transfers		<u>\$ 541,932</u>

From February 1, 2012 through June 30, 2012:

Date	Payee	Amount
June 30, 2012	County of Marin - payment to the County of Marin for the amount received by the former redevelopment agency in excess of \$1 million from Marin City CLC as required by section 6 of the Marin City Community Land Corporation and Marin County Redevelopment Agency Agreement 9/29/95 (See Exhibit #2). \$225,000 was received on 1/31/12 in addition to the \$1,533,932 received on 11/28/11 by the former redevelopment agency due to the sale of property by Marin City CLC. The County of Marin is entitled to the proceeds received in excess of \$1 million since they provide the services to the Marin City community. Included in ROPS I, line 8.	\$ 225,000 (A)
June 30, 2012	County of Marin - payment to the County of Marin for the amount received by the former redevelopment agency in excess of \$1 million from Drake Marin Associates as required by section 6 of the Marin City Community Land Corporation and Marin County Redevelopment Agency Agreement 9/29/95 (See Exhibit #2). \$8,000 was received by the former redevelopment agency on 7/18/12 for interest due on a note receivable. The County of Marin is entitled to the proceeds since they provide the services to the Marin City community. County of Marin for services to Marin City Community - ROPS I, line 9	8,000 (A)
Total Transfers		<u>\$ 233,000</u>

(A) Transaction was approved by the State Department of Finance in ROPS I and was not paid until July 2012.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY TO THE
DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS

As of June 30, 2012

	Total Assets as of June 30, 2012
ASSETS	
Cash and investments	\$ 1,971,457
Cash and investments with fiscal agent	66,063
RPTTF receivable	619,730
Accounts receivable	8,000
Note receivable	110,000
Capital assets	30,014
TOTAL ASSETS	<u>\$ 2,805,264</u>

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY TO THE
DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SCHEDULE OF LEGALLY RESTRICTED CASH

June 30, 2012

<u>Bond Description</u>	<u>Amount</u>	<u>Enforceable Obligation/ Other Legal Requirement Supporting Restriction</u>
Cash with Fiscal Agent		
\$13,425,000 Gateway Refunding Authority Bonds 1998	<u>\$ 66,063</u>	Bond Documents

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY TO THE
 DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SUMMARY SCHEDULE OF CASH BALANCES FOR RETENTION

Description	Supporting Schedule	Enforceable Obligation/ Other Legal Requirement Amount
ROPS I	See Schedule 6A	\$ 240,519
Cash Flow Projection	See Schedule 6B	<u>3,538,099</u>
Total cash balances for retention		<u><u>\$ 3,778,618</u></u>

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY TO THE
DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SCHEDULE OF CASH BALANCES FOR RETENTION TO MEET
ENFORCEABLE OBLIGATIONS IN FISCAL YEAR 2012-2013 (ROPS I)

Description of Transactions	Purpose of Transactions	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Retention
Legal support services	Pay Enforceable Obligation	\$ 981 (A)	Reported on ROPS I, Line 12
Below market rate housing monitoring	Pay Enforceable Obligation	6,538 (A)	Reported on ROPS I, Line 7
Payment of excess proceeds received to the County of Marin	Pay Enforceable Obligation for amounts received in excess of \$1 million from Drake Marin to the County of Marin who provides the services to the Marin City community.	8,000 (A)	Marin City Community Land Corporation and Marin County Redevelopment Agency Agreement 9/29/95 (See Exhibit #2). Reported on ROPS I, Line 9
Payment of excess proceeds received to the County of Marin	Pay Enforceable Obligation for amounts received in excess of \$1 million from Marin City CLC to the County of Marin who provides the services to the Marin City community.	225,000 (A)	Marin City Community Land Corporation and Marin County Redevelopment Agency Agreement 9/29/95 (See Exhibit #2). Reported on ROPS I, Line 8
Total cash balances needed to be retained for the funding of enforceable obligations for ROPS I		<u>\$ 240,519</u>	

(A) Approved by the State of California Department of Finance.

Marin County as the Successor Agency to
Marin County RDA
Financial Projection
July 1, 2012 through December 2016

Schedule 6B

	Six Month Period July 1, 2012 through Dec. 31, 2012	Calendar year 2013	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016	Total
Projected Revenues						
Property Tax revenues	-	1,391,185	1,391,185	1,391,185	1,391,185	5,564,740
Mello Roos assessments	-	-	-	-	-	-
Investment Income	1,562	975	275	-	-	2,812
Other Revenue		8,000	8,000	8,000	8,000	32,000
TOTAL PROJECTED REVENUES	1,562	1,400,160	1,399,460	1,399,185	1,399,185	5,599,552
Projected Expenses:						
Expenditures on Approved ROPS #2 July - Dec. 2012						
1) 1998 GRA Revenue Bonds Series A	688,480	992,738	1,008,325	1,025,813	1,044,813	4,760,169
2) Contract for audit	25,000	30,000	30,000	30,000	30,000	145,000
3) Contract for continuing disclosure	4,650	10,000	10,000	10,000	10,000	44,650
4) Fiscal agent fees - bonds GIA/GRA	7,000	15,000	15,000	15,000	15,000	67,000
6) Ridgeway Marin Apartments	-	278,237	278,237	278,237	278,237	1,112,948
7) Below Market Rate Housing Monitoring	73,750	103,020	105,081	107,182	109,326	498,359
9) Services to Marin City Community	-	8,000	8,000	8,000	8,000	32,000
10) Marin City Community Center	-	1,250,000	-	-	-	1,250,000
11) Successor Agency admin. costs	75,000	250,000	250,000	250,000	250,000	1,075,000
page 2, #1) County Staff payroll reimb.	-	-	-	-	-	-
Marin County Dept. of Finance expenses:						-
SB2557	10,245	20,695	20,902	21,111	21,322	94,275
County Auditor / Controller Expenses	11,650	11,650	11,650	11,650	11,650	58,250
TOTAL PROJECTED EXPENDITURES	895,775	2,969,340	1,737,195	1,756,993	1,778,348	9,137,651
End of Period:						
Cash and Investments - ALL RDA FUNDS and FA Funds	(894,213)	(1,569,180)	(337,735)	(357,808)	(379,163)	(3,538,099)

(A) These lines were disallowed by the State of California Department of Finance in ROPS III for the time period of January 2013 - June 2013, Lines 6, 7, and 10.

Management Assumptions and Notes:

Revenues:

1. Tax Revenue for July - Dec. 2012 \$619,730. posted to June 2012 and is included in beginning cash balance.
Tax Revenue for 2013 -2016 is based on an estimate provided by the Marin County DOF for FY2013 adding back SB2557 charges.
Revenue for 2014-2016 assumes no growth. The County DOF projects a decrease in FY2013, and then stabilizing revenues.
2. Mello Roos - assume none needed; projected tax revenue greater than bond debt.
3. Investment Income projected based on actual 2012; flat no growth; principal balance shrinking
4. Other Revenue projected is the Drake Marin Note payment - this revenue is pledged in full, see expense #9

Expenditures:

1. #6 Ridgeway Marin - calendar years 2013-2016 calculated at 20% of projected Tax Revenue
2. # 7 BMR Management amounts are based on the Board approved funding agreement, increasing annually by 2%.
3. #9 Services to Marin City Community based on projected Drake Marin Note payments
4. #11 Successor Agency Admin costs uses the maximum statutory allotment for 2013-2016.
5. County Auditor / Controller Expenses based on figures provided by CAC for 1/1/2012 - 12/31/2012.
SB2557 growth at 1% per year (based on projected increase CAC provided for 2012 to 2013)
6. Funds held by the Fiscal Agent (US Bank) are required reserves until the bonds are fully paid (2025)

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY TO THE
DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SCHEDULE OF CASH BALANCES FOR RETENTION TO MEET
ENFORCEABLE OBLIGATIONS IN FISCAL YEAR 2012-2013 (ROPS II)

Description of Transactions	Purpose of Transactions	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Retention
RPTTF Funds received for ROPS 2	Enforceable obligations	\$ 619,730 (A)	ROPS II (See Exhibit #1)
Unexpended ROPS II line items to be funded from current balances and not funded through RPTTF (See Exhibit #1)	Enforceable obligations	<u>879,150 (A)</u>	ROPS II (See Exhibit #1)
Total cash balances needed to be retained for the funding of enforceable obligations		<u><u>\$ 1,498,880</u></u>	

- (A) All ROPS II line items were approved by the State of California Department of Finance (See Exhibit #1). The total ROPS II request of \$1,685,380 was decreased by ROPS II, lines 12 and 13, totaling \$186,500, which represent amounts to be paid by the County.

COUNTY OF MARIN, ACTING AS THE SUCCESSOR AGENCY TO THE
DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SUMMARY OF BALANCE AVAILABLE FOR ALLOCATION TO AFFECTED TAXING AGENCIES

As of June 30, 2012

Total amount of assets held by the Successor Agency as of June 30, 2012 - (Procedure 5)	\$ 2,805,264
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments - (Procedure 6)	(66,063)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (Procedure 7)	(140,014)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (Procedure 8)	(3,778,618)
Less balances needed to satisfy the approved ROPS II, paid during the period from July 1 through December 31, 2012. (See Findings 3A and 9) - (Procedure 9)	(1,498,880)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Add the amount of any assets transferred to the City for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist - (Procedures 2 and 3)	<u>-</u>
Amount to be remitted to County for disbursement to affected taxing agencies	<u><u>\$ (2,678,311)</u></u>

EXHIBIT 1

**ROPS II AND APPROVAL LETTER FROM THE
DEPARTMENT OF FINANCE**

RESOLUTION NO. 2012-3

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO
THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY, APPROVING A
RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY
1, 2012 THROUGH DECEMBER 31, 2012 PURSUANT TO HEALTH AND SAFETY
CODE SECTION 34177(I)**

WHEREAS, pursuant to Health and Safety Code section 34173(d), the County of Marin ("RDA Successor Agency") is the successor agency to the dissolved Marin County Redevelopment Agency ("Agency"), confirmed by Resolution No. 2011-83 adopted on August 23, 2011; and

WHEREAS, Health and Safety Code section 34179(a) provides that each successor agency shall have an oversight board composed of seven members; and

WHEREAS, the Oversight Board is the RDA Successor Agency's oversight board pursuant to Health and Safety Code section 34179(a); and

WHEREAS, Health and Safety Code section 34177(l)(2), as modified by the Supreme Court opinion in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("Legal Action"), requires the RDA Successor Agency to prepare a draft "recognized obligation payment schedule" ("ROPS"), listing outstanding obligations of the Agency to be performed by the RDA Successor Agency during the time period from July 1, 2012 through December 31, 2012; and

WHEREAS, Health and Safety Code section 34177(l)(2) requires the RDA Successor Agency to submit the initial draft of the ROPS to either the County of Marin Auditor-Controller, or its designee, for the auditor's review and certification as to the accuracy of the ROPS; and

WHEREAS, Health and Safety Code section 34177(l)(2) requires the RDA Successor Agency to submit the ROPS certified by the external auditor to the Oversight Board for approval and, upon such approval, the RDA Successor Agency is required to submit a copy of such approved ROPS to the County of Marin Auditor-Controller, the California State Controller, and the State of California Department of Finance and post the Approved ROPS on the RDA Successor Agency's website; and

WHEREAS, Health and Safety Code section 34180(g) requires the Oversight Board to approve the RDA Successor Agency's establishment of the ROPS prior to the RDA Successor Agency acting upon the ROPS; and

WHEREAS, RDA Successor Agency staff has prepared an initial draft of the ROPS and submitted it to the County of Marin Auditor-Controller prior to March 1, 2012; and

WHEREAS, the County of Marin Auditor-Controller has informed the RDA Successor Agency to submit the initial draft of the ROPS to the Oversight Board.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED MARIN COUNTY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. CEQA Compliance. The approval of the ROPS through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 3. Approval of the ROPS. The Oversight Board hereby approves and adopts the ROPS, in substantially the form attached to this Resolution as Exhibit A, pursuant to Health and Safety Code Section 34177.

SECTION 4. Implementation. The Oversight Board hereby directs the RDA Successor Agency to submit copies of the ROPS approved by the Oversight Board to the County of Marin Auditor-Controller, the State of California Controller and the State of California Department of Finance after the effective date of this Resolution or, if the State of California Department of Finance requests review of the ROPS prior to the effective date of this Resolution, upon approval of the ROPS by the State of California Department of Finance, and to post the ROPS on the RDA Successor Agency's website.

SECTION 5. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 6. Certification. The Principal Planner of the Marin County Community Development Agency, acting on behalf of the Oversight Board, shall certify to the adoption of this Resolution.

SECTION 7. Effective Date. Pursuant to Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for three (3) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED THIS 13th day of July 2012, by the following vote:

AYES: *Al Harrison, Leslie Aden, Gerald Norman*

NOES: *Terene mares, Terrie Green*

ABSENT: Jonathan Logan
Mary Jae Burke

ABSTAIN:


Chairperson

ATTEST:

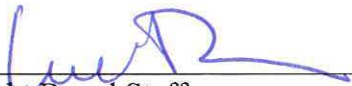

Oversight Board Staff

EXHIBIT A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

[Attached behind this page]

1st Draft RECOGNIZED OBLIGATION PAYMENT SCHEDULE
OTHER OBLIGATION PAYMENT SCHEDULE
July 2012 - December 2012
Per AB 26 - Section 34167 and 34169 (*)

	Project Name / Debt Obligation	Payee	Description	Beginning Balance Outstanding Debt or Obligation	Total Due July - Dec. 2012	2012 Payments by month							Remaining Outstanding Balance December 2012	
														Total
						July	Aug.	Sept.	Oct.	Nov.	Dec.			
	1) County ttaff payroll reimb.	County of Marin	Employee salary reimbursements	1,629,342.00	0.00							\$ -	1,629,342	
	2)											\$ -		
	3)											\$ -		
	4)											\$ -		
												\$ -		
												\$ -		
												\$ -		
Totals - Other Obligations						\$	-	\$	-	\$	-	\$	-	1,629,342

*Payments scheduled for January and June

*Payments scheduled for January and June



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 25, 2012

Leelee Thomas, Principle Planner
County of Marin
Community Development Agency
3501 Civic Center Drive, Suite 308
San Rafael, CA 94903

Dear Ms. Thomas:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the County of Marin submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 21, 2012 for the periods January to June 2012 and July to December 2012. Finance is assuming oversight board approval. Finance has completed its review of your ROPS which may have included obtaining clarification for various items. Based on our review, we are approving all of the items listed on your draft ROPS at this time.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. In addition, items not questioned during this review are subject to subsequent review if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the draft ROPS with property tax is limited to the amount of funding available in the RPTTF.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Dave Kosmala, Senior Accountant, Marin County
Ms. Dana Proctor, Senior Accountant, Marin County
Mr. Tey Mourtash, Accounting Manager, Marin County
Mr. Roy Given, Director of Finance, Marin County

EXHIBIT 2

**MARIN CITY COMMUNITY LAND CORPORATION AND
MARIN COUNTY REDEVELOPMENT AGENCY AGREEMENT
9/29/95**

RECORDING REQUESTED BY, AND
AFTER RECORDATION MAIL TO:

95-046342

Redevelopment Agency of the
County of Marin
3501 Civic Center Drive, #308
San Rafael, CA 94903

SEP 29 1995

THIS STATEMENT IS
RECORDING ONLY

AGENCY-CLC AGREEMENT TO BE RECORDED

MARIN CITY REDEVELOPMENT PROJECT
MARIN COUNTY, CALIFORNIA

THIS AGREEMENT is entered into this 11 day of Sept, 1995, by and between the REDEVELOPMENT AGENCY OF THE COUNTY OF MARIN, a public body, corporate and politic (hereinafter referred to as the "Agency") and MARIN CITY COMMUNITY LAND CORPORATION, a California nonprofit public benefit corporation, (hereinafter referred to as the "CLC") with reference to the following:

A. The CLC is the present owner of certain real property (the "Site") located in the County of Marin, State of California, the legal description of which is contained in the attached Exhibit A and incorporated herein by reference.

B. The Site is within the Marin City Redevelopment Project (the "Project") in the County of Marin and is subject to the provisions of the Redevelopment Plan for the Project adopted by the Board of Supervisors of the County of Marin on November 24, 1981, by Ordinance No. 2671; as further amended by Ordinance No. 2946 on June 16, 1987; by Ordinance No. 3010 on October 10, 1989; and by Ordinance No. 3087 on March 17, 1992. The Redevelopment Plan, as it now exists and as it may be subsequently amended, is incorporated herein by reference and made a part hereof as though fully set forth herein.

C. The Agency and CLC are parties to that certain Master Agreement by and between the Agency, CLC, Marin City Community Development Corporation, a

California nonprofit public benefit corporation ("CDC"), Bridge Housing Corporation, a California nonprofit public benefit corporation ("Bridge"), and The Martin Group of Companies, Inc., a California corporation ("Martin"), dated June 13, 1995, which provides for the development of a mixed-use project called Marin City USA within the Redevelopment Project Area for the Redevelopment Plan.

D. The CLC has entered into the following Land Leases for the three (3) parcels that comprise the Site as follows:

1. Land Lease between the CLC and Gateway Retail Partners, a California general partnership of which Martin is the managing general partner, ("Gateway Retail") dated 9-29, 1995, as to the Retail Parcel (the "Retail Land Lease");

2. Land Lease between the CLC and Gateway Apartment Partners, L.P., a California limited partnership of which Martin is the managing general partner, ("Gateway Apartment") dated 9-29, 1995, as to the Marin City Apartments Parcel (the "Marin City Apartments Land Lease"); and

3. Land Lease between the CLC and Drake Marin Associates, a California limited partnership of which Bridge is the managing general partner, ("Drake Marin Associates") dated 9-29, 1995, as to the Doretha Mitchell Apartments Parcel (the "Doretha Mitchell Land Lease").

Memorandums of each of the above Land Leases have been recorded in the office of the County Recorder of Marin County.

E. Pursuant to the Master Agreement, the parties set forth below have agreed to execute concurrently herewith the following documents prior to the closing for the issuance of public and private financing for Marin City USA:

1. Participation Agreement between the Agency and Bridge Marin Homes, Inc., a California nonprofit public benefit corporation ("Bridge Marin") for the development of the For-Sale Housing Parcel (the "For-Sale Housing Participation Agreement");

2. Participation Agreement between the Agency and Drake Marin Associates for the development of the Doretha Mitchell Apartments Parcel (the "Doretha Mitchell Apartments Participation Agreement");

3. Participation Agreement between the Agency and Gateway Apartment for the development of the Marin City Apartments Parcel (the "Marin City Apartments Participation Agreement");

4. Participation Agreement between the Agency and Gateway Retail for the development of the Retail Parcel (the "Retail Participation Agreement"); and

5. Agreement between the Agency and the CLC to be recorded on the Doretha Mitchell Parcel, the Marin City Apartments Parcel and the Retail Parcel evidencing certain obligations of the CLC as owner and lessor of those Parcels.

Memorandums of each of the above agreements are to be recorded in the office of the County Recorder of Marin County.

F. In consideration of the assistance that the Agency is providing for the development of Marin City USA, as described in the Master Agreement and the individual Participation Agreements, and pursuant to the terms of the Master Agreement, the Agency and CLC desire to enter into this Agreement.

NOW, THEREFORE, THE AGENCY AND THE CLC HEREBY AGREE AS FOLLOWS:

1. The CLC, on behalf of itself and its successors, assigns and each successor in interest to the Site or any part thereof, hereby covenants and agrees:

a. To use, devote and maintain the Site and each part thereof, for the uses specified in the Redevelopment Plan.

b. To maintain the improvements and landscaping on the Site in a clean and orderly condition and in good condition and repair and keep the Site free from any accumulation of debris and waste materials.

c. Not to discriminate upon the basis of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer or rental or in the use, occupancy, tenure or enjoyment of the Site or any improvements thereon. Each and every deed, lease and contract entered into with respect to the Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

- (1) In deeds: "The grantee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use,

occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(2) In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions: "That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land herein leased."

(3) In contracts: There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

2. There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall CLC, its successors, assigns or successors in interest to the Site, or any part thereof, or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number,

use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site or any part thereof.

3. The CLC further covenants and agrees that it shall use all payments of Net Revenue (as that term is defined in the Retail Land Lease, Marin City Apartments Land Lease and Doretha Mitchell Land Lease) made to and received by the CLC as lessor under the Land Leases, as follows:

a. Fifty percent (50%) shall be used to promote and increase the affordability levels of the for-sale and rental housing in Marin City USA or to enhance the living environment within Marin City USA; and

b. Fifty percent (50%) shall be used for job training programs and other community services within Marin City.

In addition, CLC further covenants and agrees that prior to approving the establishment and/or funding of Reserves (as that term is defined in the Land Leases) by the lessee under any Land Lease, the CLC shall obtain the consent of the Agency prior to the establishment and/or funding of any such Reserves under any of the Land Leases. At the Agency's request, CLC shall have a report prepared by an independent consultant approved by the Agency to determine whether any such proposed Reserve is necessary and reasonable for the operation and maintenance of the improvements on the Retail Parcel, the Doretha Mitchell Apartments Parcel or the Marin City Apartments Parcel, whichever is applicable. This covenant shall only apply to those Reserves which are not required to be established by a Mortgagee (as defined in the Land Leases).

Notwithstanding the above, it is the intent of the parties hereto that, out of its share of Net Revenue, CLC shall first pay, reimburse or advance direct and indirect expenses (past and present), paid or incurred by or on behalf of CLC in the performance of CLC's duties and obligations pursuant to the development, construction, operation, maintenance and monitoring of Marin City USA, including without limitation such duties and obligations as are set forth or necessitated under the various documents and agreements listed in Recitals B through E hereof and under this Agreement. Without limiting the generality of the foregoing, the following represent permissible CLC expenses under this paragraph, all of which shall be properly documented and substantiated and subject to audit by the Agency:

(1) CLC's direct expenses paid or incurred in connection with Marin City USA for legal, professional, consulting, accounting and other fees and costs billed to CLC by third parties; and

(2) CLC's direct and indirect administrative and overhead expenses allocable to Marin City USA, including all corporate filing and maintenance charges, and all ordinary and necessary business expenses; and

(3) Deferred developer fees earned by Bridge or Bridge Marin only during calendar year 1995 up to and including the date of funding of the initial construction loan in connection with development of the For-Sale Housing Parcel, in an amount not to exceed \$280,000, and only to the extent that (i) said developer fee is not paid from project contingencies, and (ii) CLC pays such developer fee only from its share of Net Revenue generated by the "affordable housing component" of Marin City USA; and

(4) Direct disbursements actually paid to third parties by Bridge or CDC for ordinary and necessary business and/or development expenses in connection with and in furtherance of Marin City USA during calendar year 1995 up to and including the date of funding of the initial construction loan, but only to the extent CLC actually pays such expenses from its share of Net Revenue generated by (i) the "affordable housing component" of Marin City USA, as to Bridge-advanced expenses, and (ii) the "community and retail components" of Marin City USA as to CDC-advanced expenses; and

(5) Repayment of the remaining outstanding indebtedness and interest thereon owed by Bridge to S.H. Cowell Foundation, a California nonprofit public benefit corporation and private foundation, pursuant to a promissory note dated August 4, 1993, made by Bridge in favor of S.H. Cowell Foundation, which indebtedness Bridge anticipates will be in the outstanding amount of approximately \$500,000 as of October 1, 1995, said repayment to be made by or through CLC only from and to the extent of CLC's share of Net Revenue generated by the "affordable housing component" of Marin City USA.

4. In addition, the CLC covenants and agrees that in consideration of the assistance the Agency has provided in the development of Marin City USA, that it shall pay to the Agency twenty-five percent (25%) of the total amount of Excess Proceeds (as that term is defined in the Retail Land Lease) attributable to the Property (as defined in the Retail Land Lease), subject to the following: In any year in which a Loan (as defined in the Retail Land Lease) is obtained, the Gross Receipts and Net Revenue (both as defined in the Retail Land Lease) for such year first shall be calculated without including the amount of Excess Proceeds. In the event such a calculation results in Net Revenue for such year, the CLC agrees that it shall promptly pay to Agency twenty-five percent (25%) of the Excess Proceeds. In the event such a calculation does not result in Net Revenue for such year, only that amount of Excess Proceeds shall be added to the amount of Gross Receipts for that year which would result in no negative Net Revenue and the CLC shall promptly pay to the Agency twenty-five percent (25%) of the remaining amount of Excess Proceeds.

Examples of calculation of payments under this Section 4 (for illustrative purposes only):

Example 1:

<u>Excess Proceeds</u>	<u>Gross Receipts</u> (without Excess Proceeds)	<u>Net Revenues</u> (without Excess Proceeds)
\$1 million	\$750,000	\$125,000

CLC pays Agency 25% of \$1 million, or \$250,000.

Example 2:

<u>Excess Proceeds</u>	<u>Gross Receipts</u> (without Excess Proceeds)	<u>Net Revenues</u> (without Excess Proceeds)
\$500,000	\$750,000	-\$250,000

\$250,000 of Excess Proceeds shall be added to Gross Receipts so that total Gross Receipts for purposes of this Section 4 shall be \$1 million, and Net Revenues shall be \$0.

CLC pays to Agency 25% of \$250,000 (the remaining amount of Excess Proceeds), or \$62,500.

5. The CLC covenants and agrees that, as additional consideration, it shall pay to the Agency fifty percent (50%) of the net sales proceeds (as defined herein) of any sale of its interest in the Retail Parcel. "Net sales proceeds" as used herein, shall mean (i) the gross sales price less (ii) actual and customary closing costs and (iii) the outstanding principal amount of any mortgage, deed of trust or other security instrument held by CLC and secured by the CLC's interest in the Retail Parcel.

6. The Agency covenants and agrees that it shall use any amounts it receives in excess of a total aggregate amount of ONE MILLION DOLLARS (\$1,000,000) from (i) payments made pursuant to that certain Payment Agreement, dated As of 9-23, 1995, by and between the Agency, CLC, Gateway Retail Partners, a California general partnership, ("Gateway Retail") and Bank of America, NT & SA); (ii) the Annual Community Services Loan Payments made by Bridge to Agency pursuant to Section 205 of the Doretha Mitchell Apartments Participation Agreement; and (iii) any additional payments made by CLC under Sections 4, 5 and/or 7 of this Agreement, to reimburse the County of Marin or the Agency for

services to the Marin City community or to pay for services benefitting the Marin City community.

7. In the event CLC acquires Gateway Retail's interest in the Retail Parcel and the improvements thereon either (i) by exercising its right of first refusal under the Retail Land Lease or (ii) by exercising its option to purchase such interest under the Retail Land Lease or (iii) at the expiration of the term of the Retail Land Lease, CLC agrees that it shall pay to Agency Twenty-Five Percent (25%) of the Net Revenues (as such term is defined in the Retail Land Lease) each year; provided however, that in no event shall CLC be required to pay Agency more than One Hundred Thousand Dollars (\$100,000) per year.

8. The covenants and agreements established in Sections 1, 2, 3, 4, 5 and 7 of this Agreement shall, without regard to technical classification and designation, be binding on the CLC and any successor in interest to the Site, or any part thereof, for the benefit of and in favor of the Agency, its successors and assigns, and the County of Marin. The covenants contained in Sections 1a. and b. of this Agreement shall remain in effect until the termination date of the Redevelopment Plan. The covenants against discrimination (contained in Sections 1.c. and 2 of this Agreement) shall remain in perpetuity. The covenants contained in Section 3 shall remain in effect, as to the Retail Parcel, Doretha Mitchell Apartments Parcel and Marin City Apartments Parcel so long as the Retail Land Lease, Doretha Mitchell Land Lease or Marin City Apartments Land Lease, respectively, is in effect. The covenants contained in Sections 4 and 5 shall remain in effect until the sooner of the following: (i) the year in which the aggregate total payments received by the Agency pursuant to Sections 4 and 5 equal One Million Dollars (\$1,000,000); or (ii) the sale by CLC of its interest in the Retail Parcel and the payment to the Agency of the net sales proceeds required under Section 5 hereof. The covenants contained in Section 7 shall remain in effect so long as the Financing District Bonds described in Attachment No. 7 to the Master Agreement and each Participation Agreement are outstanding. In addition to the foregoing limitations on the applicability of the covenants and agreements contained in this Agreement, no breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any Mortgage (as defined in the Land Leases) made in good faith and for value or the rights of any tenant under any of the Land Leases.

9. The covenants and agreements established in Section 6 of this Agreement, shall, without regard to technical classification and designation, be binding on the Agency and its successors and assigns, for the benefit of and in favor of the CLC, and any successor in interest to the Site, or any part thereof, and shall remain in effect so long as the Agency, or any successor in interest is receiving payments from CLC pursuant to Section 4, 5 and/or 7 of this Agreement. In addition, notwithstanding anything to the contrary, the obligation of CLC to make

the payments pursuant to Sections 4, 5 and/or 7 of this Agreement shall be irrespective of how CLC and Gateway Retail allocate Net Revenues as among each other pursuant to the Retail Land Lease.

IN WITNESS WHEREOF, the Agency and the CLC have executed this Agreement as of the date first above written.

"AGENCY":

REDEVELOPMENT AGENCY OF THE
COUNTY OF MARIN

By: Mark J. Riesenfeld
Executive Director
MARK J. RIESENFELD

ATTEST:

By: Mark J. Riesenfeld
Secretary

"AGENCY"

"CLC":

MARIN CITY COMMUNITY LAND
CORPORATION, a California nonprofit
public benefit corporation

By: Albert R. Fleming
President
Its: Albert R. Fleming

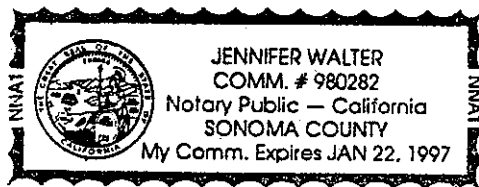
STATE OF CALIFORNIA

COUNTY OF MARIN

)
) ss.
)

On September 7, 1995, before me, the undersigned Notary Public, personally appeared MARK RIESENFELD, personally known to me, or proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Jennifer Walter

NOTARY PUBLIC in and for said
County and State

STATE OF CALIFORNIA }
COUNTY OF SAN FRANCISCO }

On this 11th day of September, 1995, before me, the undersigned Notary Public in and for said County and State, personally appeared Albert R. Fleming, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacities and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal. SEAL:

Signature: _____

Mary Choy



Type of Document: _____