



June 4, 2013

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Board of Supervisors  
County of Marin  
Room 329, Civic Center  
San Rafael, CA 94905

**Subject:** Marin City Community Services District Trust Fund

**Recommendation:** Approve fund transfer of \$774,932 into a Marin City Community Services District Trust Fund from the proceeds from the sale of the Gateway Shopping Center to be distributed as detailed in the staff report.

At the request of Supervisor Sears, we are asking for the creation of a Marin City Community Services District Trust Fund of \$774,932 from the proceeds from the sale of the Gateway Shopping Center. The Marin City Gateway Shopping Center was developed as part of the Marin City USA redevelopment project in 1995. It was intended that the shopping center would generate income for services in the community and, as part of the development agreement, the Marin City Community Service District (CSD) could receive up to \$200,000 annually subject to available net operating income from the property owner, Marin City Community Land Corporation. Unfortunately, after the shopping center was sold and the ownership structure was revised, no income was provided to the CSD from 2002 until 2011 when it was sold.

The Marin City Gateway Shopping Center, located at 100, 164, and 190 A Donahue Street, was sold to Pacific Coast Capital Partners on August 30, 2011. The Marin City Community Land Corporation (CLC) owned the property under the shopping center (the "Retail Parcel"). Pursuant to the Agency-CLC Agreement executed in 1995 between the CLC and the former Marin County Redevelopment Agency, the Agency was to receive 50% of the net sales proceeds from the eventual sale of the Retail Parcel in return for the original assistance in developing the shopping center.

In 2003, the CLC formed a partnership with the Smart Growth Fund to purchase the shopping center. At that time, the Amendment to Agency-CLC Agreement was recorded which established that the Agency would receive 50% of the net sales proceeds received by CLC from the sale of the shopping center. The Agreement placed restrictions on any proceeds received by the Agency in excess of \$1 million from the sale of the shopping center. The restrictions also applied to the loan repayments from the Doretha Mitchell

Apartments (Drake Marin Associates). The restrictions provide that any excess receipts are to be:

- (1) distributed to the County for services in the Marin City community;  
or
- (2) used by the Redevelopment Agency specifically for services to the Marin City community.

Pursuant to the Agency-CLC Agreement recorded September 29, 1995 and the Amendment to Agency-CLC Agreement recorded July 31, 2003, funds from the sale of the shopping center were distributed as follows:

- On 11/28/11, \$541,931.88 in excess proceeds were transferred to the General Fund and placed into an administrative designation to be used to reimburse the County of Marin for services to Marin City; or to reimburse the Agency for services to the Marin City community; or to pay for services benefitting the Marin City community; and
- On 7/26/12, another \$233,000 in excess proceeds were transferred to the designation for the same purposes.

We have reserved \$774,932 subject to allocation by your Board. We are requesting that your Board establish a trust fund for the benefit of the Marin City Community Service District. Funds from this trust fund can only be used to provide direct support to Marin City recreational and other CSD programs. The annual allocation of these funds would be subject to approval of the Board of Supervisors. For planning purposes, we are recommending the following distribution schedule:

FY 2012-13 \$100,000 (including retiree health obligations)  
FY 2013-14: \$110,000  
FY 2014-15: \$110,000  
FY 2015-16: \$110,000  
FY 2016-17: \$115,000  
FY 2017-18: \$115,000  
FY 2018-19: \$115,000  
FY 2019-20: any remaining balance

**Fiscal Impact:**

With your Board's approval, the Department of Finance will establish a trust fund and transfer \$774,932 out of the General Fund set-aside discussed above and into the trust account.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "M. Hymel", with a long horizontal flourish extending to the right.

Matthew H. Hymel

MERIT#: 100018666