



Midpeninsula Regional  
Open Space District

R-12-95  
Meeting 12-32  
September 26, 2012

## AGENDA ITEM 4

### AGENDA ITEM

Approve transfer of Land Purchase Funds to the Guadalupe Land Company (Company) for dissolution of the Company and pay corresponding Capital Gain Taxes resulting from the transfer of the Company Property as an Addition to the Mount Umunhum Area of Sierra Azul Open Space Preserve (Santa Clara County Assessor's Parcel Numbers 575-11-004, 575-12-001 and 575-12-013).

### GENERAL MANAGER'S RECOMMENDATION

1. Adopt the attached Resolution authorizing the transfer of Land Acquisition Funds to proceed with the dissolution of the Company and payment of tax attributable to the dissolution.

### SUMMARY

The Midpeninsula Regional Open Space District (District) is the sole shareholder of Guadalupe Land Company, a private corporation (Company), with a sole asset of a 286.61-acre property. The Company was purchased by the Midpeninsula Regional Open Space District (District) in January 2005. It is recommended that the District transfer \$~~290,000~~280,000 from the District's land purchase budget into the Company corporate bank account to continue with the corporate dissolution process by paying the tax attributable to the dissolution estimated at \$275,379. The estimated capital gains taxes are rounded up to \$~~290,000~~280,000 to cover any additional IRS and State Franchise Tax Board filing fees and associated costs of the dissolution process. Please reference Board report R-12-92 also on the September 26, 2012 Board meeting agenda for the discussion of the District's ownership history of the Company and the corporate dissolution process and the estimated tax attributable to the dissolution payment.

### FISCAL IMPACTS

FY2012-13 Budget for New Land Purchases:

<b>New Land Budget</b>	<b>\$9,000,000</b>
<b>Less:</b>	
<b>Land purchase commitments this fiscal year</b>	<b>(\$1,548,100)</b>
<b>Guadalupe Land Co. Tax Attributable to the Dissolution</b>	<b>(\$ 290,000)</b>
<b>New Land Purchase Budget Remaining</b>	<b>\$7,161,900</b>

The Controller was consulted on this proposed purchase and has indicated that, considering cash flow and account balances, funds are available for this property purchase, including payment of tax attributable to the dissolution.

### **BOARD COMMITTEE REVIEW**

Committee review is not required for this agenda item as this item is intended for discussion by the full Board of Directors.

### **PUBLIC NOTICE**

Public notice was provided in accordance with the Brown Act.

### **NEXT STEPS**

Upon approval by the Board of Directors, staff will deposit the \$~~290,000~~80,000 into the Company bank account so that the Company can proceed with the dissolution of the corporation and payment of tax attributable to the dissolution. After the corporation has been unwound and the property is transferred to the District, staff will provide an informational report to the Board of the completion of this project and a final accounting of the remaining corporation funds which will revert to the District.

#### Attachments:

1. Resolution
2. Property Map

Responsible Department Manager:  
Michael Williams, Real Property Manager

Prepared by:  
Michael Williams, Real Property Manager

# ATTACHMENT 1

## RESOLUTION NO. 12-XX

**RESOLUTION OF THE BOARD OF DIRECTORS OF MIDPENINSULA REGIONAL OPEN SPACE DISTRICT AUTHORIZING TRANSFER OF LAND PURCHASE FUNDS TO THE GUADALUPE LAND COMPANY FOR CORPORATE DISSOLUTION AND PAYMENT OF CAPITAL GAINS TAXES AND TRANSFER OF PROPERTY TO DISTRICT, AND AUTHORIZING GENERAL MANAGER TO EXECUTE ANY AND ALL OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO COMPLETING THIS TRANSACTION (SIERRA AZUL OPEN SPACE PRESERVE - LANDS OF GUADALUPE LAND COMPANY)**

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The Board of Directors of Midpeninsula Regional Open Space District does resolve as follows:

Section One. The Board of Directors of Midpeninsula Regional Open Space District (District) does hereby authorize the transfer and deposit of \$290,000 into the Guadalupe Land Company (Company) bank account to pay the tax attributable to the dissolution of the Company and the subsequent transfer of the Property to the District.

Section Two. The General Manager, President of the Board of Directors or other appropriate officer is authorized to execute Certificates of Acceptance for the Grant Deed on behalf of the District.

Section Three. The General Manager or General Manager's designee is authorized to expend up to \$5,000.00 to cover the cost of title insurance, escrow fees, and other miscellaneous costs related to this transaction.