CITY OF CLAYTON

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AGENDA

REGULAR MEETINGS

* * *

CLAYTON CITY COUNCIL
and
CLAYTON REDEVELOPMENT AGENCY
and
GEOLOGIC HAZARD ABATEMENT DISTRICT

TUESDAY, DECEMBER 1, 2009

6:30 p.m.

Hoyer Hall, Clayton Community Library
6125 Clayton Road, Clayton, CA 94517

Mayor: Julie K. Pierce
Vice Mayor: Hank Stratford

Council Members
Howard Geller
Joseph A. Medrano
David T. Shuey

- A complete packet of information containing staff reports and exhibits related to each public item is available for public review in City Hall located at 6000 Heritage Trail on Monday prior to the Council meeting.
- Agendas are posted at: 1) City Hall, 6000 Heritage Trail; 2) Library, 6125 Clayton Road; 3) Ohm's Bulletin Board, 1028 Diablo Street, Clayton; and 4) City Website at **www.ci.clayton.ca.us**
- Any writings or documents provided to a majority of the City Council after distribution of the Agenda Packet and regarding any public item on this Agenda will be made available for public inspection in the City Clerk's office located at 6000 Heritage Trail during normal business hours.
- If you have a physical impairment that requires special accommodations to participate, please call the City Clerk's office at least 72 hours in advance of the meeting at (925) 673-7304.

* CITY COUNCIL *
December 1, 2009

6:30 p.m.

1. **CALL TO ORDER THE CITY COUNCIL** – Mayor Pierce.

2. **CLOSED SESSION**

(a) *Government Code Section 54956.8*, Conference with Real Property Negotiator
Real Properties: APNs 119-050-008, 119-050-009, and 119-050-034 (1005 & 1007 Oak Street)
Instructions to City Negotiator (City Manager) concerning terms and conditions.
Negotiating Party: Robert Staehle, et al.

Report out of Closed Session: Mayor Pierce

7:00 p.m.

3. **PLEDGE OF ALLEGIANCE** – led by Mayor Pierce.

4. **CONSENT CALENDAR**
Consent Calendar items are typically routine in nature and are considered for approval by the City Council with one single motion. Members of the Council, Audience, or Staff wishing an item removed from the Consent Calendar for purpose of public comment, question or input may request so through the Mayor.

(a) Approve the minutes of the regular meeting of November 17, 2009. (View Here)

(b) Reject the liability claim of JFC Construction, Inc. for alleged losses incurred on construction of The Grove Park. (View Here)

5. **RECOGNITIONS AND PRESENTATIONS**

(a) Introduction of ABA team “Clayton Showtime” (Coach Earl Williams).

6. **ANNUAL REORGANIZATION OF CLAYTON CITY COUNCIL** (View Here)

(a) Election of Mayor by the City Council [Mayor to conduct the election].

(b) Election of Vice Mayor by the City Council [Newly-elected Mayor to conduct the election].

(c) Recognitions and Comments by Mayor and Council Members.

7. REPORTS

(a) Planning Commission - Chairman Bob Armstrong.
(b) Trails and Landscaping Committee – No meeting held to report.
(c) City Manager/Staff
(d) City Council - Reports from Council liaisons to Regional Committees, Commissions and Boards.
(e) Other

8. PUBLIC COMMENT ON NON-AGENDA ITEMS

Citizens may address the City Council on items within the Council's jurisdiction, (which are not on the agenda) by completing a speaker card available on the Lobby table and submitting it to the City Clerk. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Mayor's discretion. When one's name is called by the Mayor, the speaker shall approach the public podium and adhere to the time limit. In accordance with State Law, no action may take place on any item not appearing on the posted agenda. The Council may respond to statements made or questions asked, or may request Staff to report back at a future meeting concerning the matter.

Public comment and input on Public Hearing, Action Items and other Agenda Items will be allowed as each item is considered by the City Council.

9. PUBLIC HEARING- None.

10. ACTION ITEMS

(a) Introduction and First Reading of Ordinance No. 425 proposing amendments to Clayton's *Municipal Code* to allow manufactured homes within the City of Clayton in accordance with the requirements of State law. (View Here)
(Community Development Director)

Staff recommendations: **1)** Receive the staff report; **2)** Open the Public Hearing and receive public comments; **3)** Close the Public Hearing; **4)** Adopt a motion to have the City Clerk read Ordinance No. 425 by title and number only and waive further reading; **5)** Adopt a motion to approve Ordinance No. 425 for Introduction and First Reading.

(b) Determination of the week day and frequency of concerts for the 2010 Concerts in The Grove series. (View Here)

(City Manager)

Staff recommendations: By motion, the City Council set Saturday evenings from approximately 6:00 p.m. to 8:00 p.m. and at a frequency of no more than every other Saturday as the time and general dates for the 2010 Concerts in The Grove series.

11. COUNCIL ITEMS – limited to requests and directives for future meetings.

12. ADJOURNMENT– the next regularly scheduled City Council meeting is December 15, 2009.

# # # # #

* CLAYTON REDEVELOPMENT AGENCY *

December 1, 2009

1. **CALL TO ORDER THE REDEVELOPMENT AGENCY-** Chairman Shuey.

2. **PUBLIC COMMENTS**

Citizens may address the Redevelopment Agency on items within the Agency's jurisdiction, (which are not on the agenda) by completing a speaker card and forwarding it to the Secretary. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Chair's discretion. When the Chair calls one's name, the speaker shall advance to the public podium and adhere to the time limit. In accordance with State Law, no action may take place on any item not appearing on the posted agenda. Board Members may respond to statements made or questions asked, or may request Staff to report back at a future meeting concerning the matter.

Public comment and input on Public Hearing, Action Items and other Agenda Items will be allowed as each item is considered.

3. **CONSENT CALENDAR**

Consent Calendar items are typically routine in nature and are considered for approval by the Board of Directors with one single motion. Members of the Board, Audience, or Staff wishing an item removed from the Consent Calendar for purpose of public comment or input may request so through the Chair.

(a) Approve the minutes of the regular meetings of September 15, 2009, October 6, 2009 and November 17, 2009. (View Here)

(b) Approve the Redevelopment Agency's Audited Financial Statement for Fiscal Year 2008-2009 prepared by Moss, Levy & Hartzheim LLP (independent Certified Public Accountants). (View Here)

(c) Authorize the Executive Director to purchase 272 Stranahan Circle (APN 119-620-037-0) in behalf of the Clayton Redevelopment Agency for the cash amount of $425,000.00 in Agency Low-Moderate Income Affordable Housing restricted-use funds, and authorize the Executive Director to commence procedures for the resale of this residential unit to a qualified Eligible Income Household. (View Here)

4. **ANNUAL REORGANIZATION OF THE BOARD OF DIRECTORS** (View Here)

(a) Nominations and election of Chair (Chairman to conduct the election)

(b) Nominations and election of Vice Chair (New Chair to conduct the election).

5. **PUBLIC HEARING**- None

6. **ACTION ITEMS** – None.

7. **BOARD ITEMS** – limited to requests and directives for next meeting.

8. **ADJOURNMENT** - the next regular Redevelopment Agency meeting will be scheduled as needed.

*** * * * ***

OAKHURST GEOLOGIC HAZARD ABATEMENT DISTRICT (GHAD)

DECEMBER 1, 2009

1. **CALL TO ORDER AND ROLL CALL –** Chairman Stratford.

2. **CLOSED SESSION** – None.

3. **PUBLIC COMMENTS**

Citizens may address the Abatement District Board on items within the Board's jurisdiction, (which are not on the agenda) by completing a speaker card and forwarding it to the Secretary. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Chair's discretion. When one's name is called by the Chair, the speaker shall advance to the public podium and adhere to the time limit. In accordance with State Law, no action may take place on any item not appearing on the posted agenda. The Abatement District Board may respond to statements made or questions asked, or may request Staff to report back at a future meeting concerning the matter.

Public comment and input on Public Hearing, Action Items and other Agenda Items will be allowed as each item is considered.

4. **CONSENT CALENDAR**

Consent Calendar items are typically routine in nature and are considered for approval by the Abatement District Board with one single motion. Members of the Board, Audience, or Staff wishing an item removed from the Consent Calendar for purpose of public comment, question or input may request so through the Chair.

(a) Approve the minutes from the regular meeting of July 21, 2009. (View Here)

5. **ANNUAL REORGANIZATION OF THE BOARD OF DIRECTORS** (View Here)

(a) Nominations and election of Chair (Chairman to conduct the election)

(b) Nominations and election of Vice Chair (New Chair to conduct the election).

6. **BOARD ITEMS** – limited to requests and directives for future meetings.

7. **ADJOURNMENT** - the next regular GHAD meeting will be scheduled as needed.

* * * * *

MINUTES
OF THE
REGULAR MEETING
CLAYTON CITY COUNCIL

Agenda Date: 12-1-09

Agenda Item: 4a

TUESDAY, November 17, 2009

1. **CALL TO ORDER & ROLL CALL** – The meeting was called to order at 5:33 p.m. by Mayor Pierce in Hoyer Hall of the Clayton Community Library, 6125 Clayton Road, Clayton, CA. Councilmembers present: Mayor Pierce, Vice Mayor Stratford, Councilmembers Geller, and Medrano Councilmembers Absent: Councilmember Shuey. Staff present: Assistant to the City Manager Laura Hoffmeister, City Attorney Dan Adams, and City Clerk Laci Jackson.

2. **CLOSED SESSION**

(a) Pursuant to CA Government Code Section 54957(b)(1) for the purpose of a Closed Session on the following matter:
1) City Manager annual performance evaluation.

Report out of Closed Session: No report out.

3. **PLEDGE OF ALLEGIANCE** – led by Mayor Pierce.

4. **CONSENT CALENDAR- It was moved by Councilmember Geller, seconded by Vice Mayor Stratford to approve the Consent Calendar as submitted (Passed; 4-0 vote).**

(a) Approved the minutes of the regular meeting of November 3.

(b) Approved Financial Demands and Obligations of the City.

(c) Resolution 46-2009 approving and authorizing the City Manager to execute the Second Amendment to the Stormwater Utility Area Agreement for Commercial and Industrial Inspection Services.

5. **RECOGNITIONS AND PRESENTATIONS** – None.

6. **REPORTS**

(a) Planning Commission – Commissioner Ted Meriam reported on the November 10th meeting of the Planning Commission. The Commission approved amendments to the Municipal Code to allow for manufactured homes. They also worked on an affordable housing ordinance to comply with AB 1818. Lastly, the Commission reviewed an state model water conservation and landscaping ordinance and the City's current water conservation guidelines.

(b) Trails and Landscaping Committee – Vice Mayor Stratford reported on the November 16, 2009 TLC meeting where the Commission seated two new members to the committee. The Committee discussed prioritizing replanting for when the drought ends. The Committee also discussed in-fill re-planning on a berm along Marsh Creek Circle, when the drought ends. The Committee also received an update on the Adopt-a-Trail program.

(c) The Assistant to the City Manager had no report.

(d) City Council

Vice mayor Stratford attended the Mayors' Conference.

Councilmember Geller attended the Mayors' Conference.

Mayor Pierce attended multiple Transportation Authority meetings.

(e) Other – None.

7. **PUBLIC COMMENT ON NON-AGENDA ITEMS**- None.

8. **PUBLIC HEARINGS** –None.

9. **ACTION ITEMS**

(a) Discussion on paperless (electronic) agenda/packet options for the City Council.

The City Clerk presented the staff report and outlined the "paperless" options. The City Clerk stated laptops could be purchased for use at the meetings, e-reader devices, or personal laptop usage in order to save hard and soft costs in production of paper agenda packets.

By consensus the Council decided to bring their own laptops for use during the City Council meetings and test the "paperless" process. They did not see need to expend City funds for Councilmember's at this time. Their wireless device could be disabled easily before the meetings to ensure Brown Act compliance.

(b) Discussion regarding interest in leasing of vacant city buildings located at 1005 and 1007 Oak Street, Clayton California.

The Assistant to the City Manager presented the staff report and asked the Council if they were interested in renting the Oak Street buildings and if so should the City seek proposals from interested renters.

The Council discussed not wanting to set a precedent for allowing commercial use on the ground floor and directed staff to advertise and seek responses first for retail tenants and to bring back offers.

11. **COUNCIL ITEMS**- None.

12. **ADJOURNMENT**– On call by Mayor Pierce the meeting adjourned at 7:46 p.m.

Respectfully submitted,

_____

Laci J. Jackson, City Clerk

APPROVED BY CLAYTON CITY COUNCIL

_____

Julie K. Pierce, Mayor

Agenda Date: 12-1-09

Agenda Item: 4b

Approved:

Gary A. Napper
City Manager/Executive Director

AGENDA REPORT

TO: **HONORABLE MAYOR AND COUNCILMEMBERS**

FROM: **CITY CLERK**

DATE: **DECEMBER 1, 2009**

SUBJECT: **REJECTION OF LIABILITY CLAIM FILED BY JFC CONSTRUCTION, INC**

RECOMMENDATION

Approve the rejection of a liability claim against the City filed by JFC Construction, Inc for alleged damages reportedly incurred during its construction of The Grove public park.

BACKGROUND

In March 2009 the City received a Public Records request from JFC Construction, Inc. for all documents regarding to the construction of The Grove Park. The City complied in a timely manner and the documents were inspected by the requestor.

On November 12, 2009 the City received the attached liability claim filed by JFC Construction, Inc. which broadly outlines their assertions but does not indicate a specific claim amount.

The City Clerk forwarded a copy of this claim to the City Attorney who advised the City Council should reject the Claim.

FISCAL IMPACT

None.

Attachment: 1. Copy of Claim

ATKINSON, ANDELSON, LOYA, RUUD & ROMO
A Professional Corporation
Michael A. Cable, State Bar No. 198275
Anthony P. Niccoli, State Bar No. 219118
2485 Natomas Park Drive, Suite 240
Sacramento, California 95833
Telephone: (916) 923-1200
Facsimile: (916) 923-1222

Attorneys for Claimant
JFC CONSTRUCTION, INC.

Claim of JFC CONSTRUCTION, INC.,

Claimant,

v.

CITY OF CLAYTON,

Respondent.

CLAIM OF JFC CONSTRUCTION, INC. AGAINST THE CITY OF CLAYTON PURSUANT TO GOVERNMENT CODE CLAIM §900 et seq.

TO THE CITY OF CLAYTON:

YOU ARE HEREBY NOTIFIED that JFC CONSTRUCTION, INC. (hereinafter "Claimant") claims damages from the CITY OF CLAYTON (hereinafter "Respondent") as follows:

a. **Identification of Claimant:**

JFC Construction, Inc.
4901 Pacheco Boulevard
Martinez, California 94553

b. **Notice to Claimant:**

Notices concerning this Claim should be sent to the following address:

Michael A. Cable
Atkinson, Andelson, Loya, Ruud & Romo
2485 Natomas Park Drive, Suite 240
Sacramento, California 95833
Telephone: (916) 923-1200
Facsimile: (916) 923-1222

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ATKINSON, ANDELSON, LOYA, RUUD & ROMO
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
2485 NATOMAS PARK DRIVE, SUITE 240
SACRAMENTO, CALIFORNIA 95833
TELEPHONE: (916) 923-1200
FACSIMILE: (916) 923-1222

ORIGINAL

c. **Brief Statement of Facts:**

The City of Clayton ("City") contracted with The Zahn Group ("Zahn") on or about December 26, 2006, for construction management services for the construction of the Downtown Park Project, project number ("CIP") No. 10367. The construction project, known at the time of bid as The Clayton Central Park, bid opening was March 6, 2007. Seven contractors submitted sealed bids. JFC Construction, Inc. ("JFC"), from Martinez, California, was the apparent low bidder with a bid price of $1,374,603. The next low bidder was Park West Construction submitting its bid at $1,388,205.

The construction agreement between JFC and the City was executed on March 20, 2007. A Notice to Proceed was issued by John Croswhite, Project Manager for Zahn, on April 13, 2007 and acknowledged by Steve Goldsworthy, Project Manager for JFC. Contract Time under the contract commenced on April 16, 2007, and the date of completion was established at October 5, 2007 including 120 work days.

An additional 20.5 contract days were granted for the following events:

1) Rain days on April 20 and 21 and May 2, 3 and 4	5 days
2) Holidays: Memorial Day, Independence Day, Labor Day	3 days
3) Special Events on July 4 and ½ day October Fest	1.5 days
4) Additional work request for statue placement	3 days
5) Additional work request for swing area	5 days
6) Additional work request for bicycle area concrete	1 day
7) Additional work request for locker area concrete	2 days

The revised completion date was November 2, 2007. Due to delays caused by the City, its construction manager, Zahn, and more specifically, Zahn's project manager, Croswhite, substantial completion was not reached by JFC until January 12, 2008, some 47 work days later, not including the contractual maintenance period. JFC Construction's claim includes claims for delays caused by the actions of The Zahn Group, Croswhite and the City of Clayton for:

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TELEPHONE: (916) 923-1200
FACSIMILE: (916) 923-1222

1) The absence of civil plans and specifications causing labor inefficiencies, extra work and delays in the performance of JFC's work;

2) The late arrival and installation and coordination of plans for the pre-fabricated restroom modular building causing labor inefficiencies, extra concrete pours and extra work associated with the installation of the restroom;

3) The failure of Croswhite to apply for and receive engineering drawings required from PG & E for the installation of the electrical tie-in to the main electrical meter and the lack of coordination of PG & E's required work not in JFC's contract causing extra work by JFC and its electrical contractor and associated delays;

4) The failure of Croswhite to timely apply for and receive water service from the Contra Costa Water District and lack of coordination of CCWD's required work not in JFC's contract which caused extra work associated with the installation of potable and irrigation water and landscape planting; and

5) The failure of Croswhite to respond timely to changes in playground equipment requested by the City resulting in additional costs, labor inefficiencies and delays associated with the change in playground equipment vendors and late receipt and installation of the equipment.

d. General Description of Damages:

In addition to seeking compensation of the entire contract amount, Claimant seeks its contract balance and delay damages along with any and all applicable interest, prompt payment penalties, attorneys' fees, costs, expenses and/or damages as a direct result of the foregoing activities.

e. Identification of Public Employees:

Claimant does not presently know all of the names of the public employees causing the injury, damage or loss claimed herein, however, the following persons are believed to have played a material role in such matters and/or are believed to possess knowledge of the facts relating to this Claim:

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TELEPHONE: (916) 923-1200
FACSIMILE: (916) 923-1222

Gary Napper, Clayton City Manager

Laci Jackson, Clayton City Clerk

Rick Angrisani, Clayton City Engineer

Zahn Group employees, agents of the City of Clayton:

Elyce Zahn, President, The Zahn Group

Elyce Zahn, President, ZG Planning and Design

John Croswhite, Project Manager, The Zahn Group

Brad Ladd, Project Superintendent, The Zahn Group

f. **Amount of Claim:**

The amount of damages as of the date of this Claim exceeds $10,000.00 and jurisdiction over this Claim rests in the superior court of unlimited jurisdiction.

DATED: November 10, 2009

ATKINSON, ANDELSON, LOYA, RUUD & ROMO

By: _____
Michael A. Cable, Attorneys for Claimant
JFC CONSTRUCTION, INC.

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PROOF OF SERVICE

(Code Civ. Proc. § 1013a(3))

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 years and am not a party to the within action; my business address is 12800 Center Court Drive, Suite 300, Cerritos, CA 90703-9364.

On November 10, 2009, I served the following document(s) described as **CLAIM OF JFC CONSTRUCTION, INC. AGAINST THE CITY OF CLAYTON PURSUANT TO GOVERNMENT CODE CLAIM §900 et seq.** on the interested parties in this action by placing a true copy thereof enclosed in sealed envelopes addressed as follows:

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

City of Clayton
Gary Napper, City Manager
6000 Heritage Trail, 3rd Floor
Clayton, CA 94517

☒ **BY MAIL:** I deposited such envelope in the mail, with Certified Mail - Return Receipt Requested, at Cerritos, California. The envelope(s) was mailed with postage thereon fully prepaid. I am readily familiar with the firm's practice of collection and processing correspondence for mailing. It is deposited with U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing an affidavit.

☐ **BY OVERNIGHT COURIER:** I sent such document(s) on ***, by *** with postage thereon fully prepaid at Cerritos, California.

☒ **BY FAX:** I sent such document by use of facsimile machine telephone number (562) 653-3333. Facsimile cover sheet and confirmation is attached hereto indicating the recipients' facsimile number and time of transmission pursuant to California Rules of Court Rule 2008(e). The facsimile machine I used complied with California Rules of Court Rule 2003(3) and no error was reported by the machine.

☒ **BY PERSONAL SERVICE:** I placed the above document in a sealed envelope. I caused said envelope to be handed to our messenger service to be delivered by hand to the above address(es).

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on November 10, 2009, at Cerritos, California.

LISA T. HOANG

CITY OF CLAYTON

Agenda Date: 12-1-09

Agenda Item: 6a

Approved:

Gary A. Napper
City Manager/Executive Director

STAFF REPORT

TO: **HONORABLE COUNCIL MEMBERS**

FROM: **CITY MANAGER**

DATE: **01 DECEMBER 2009**

SUBJECT: **NOMINATION AND ELECTION OF MAYOR AND VICE MAYOR**

RECOMMENDATION

It is recommended the City Council elect its Mayor and Vice Mayor for the ensuing twelve (12) month period.

BACKGROUND

According to Section F.4. – Mayor Selection, of the *Council Guidelines and Practices* (page 4, copy attached), the Mayorship [and Vice Mayorship] is a one-year term of office in the City of Clayton. The local electorate does not directly elect its mayor or vice mayor. The election of these officers from within the membership of the City Council commences each year at the first regularly-scheduled Council meeting in December.

Mayor Julie Pierce and Vice Mayor Hank Stratford were elected to their current Council offices at a regular City Council meeting held 02 December 2008. The following chart lists those serving as mayor in the last several years:

2009	Julie Pierce
2008	Gregory Manning
2007	William Walcutt
2006	David Shuey
2005	Gregory Manning
2004	Julie Pierce
2003	Pete Laurence
2002	Gregory Manning
2001	Julie Pierce

NOMINATION AND ELECTION PROCEDURES

Pursuant to Chapter 2.04 – Council Meetings of the *Clayton Municipal Code*, our City uses the most recent version of *Robert's Rules of Order* to govern the conduct of City business meetings. Therefore, to assist in the procedure of nominating and selecting the next mayor and vice mayor at this meeting, the following rules* have been extracted and outlined below:

1. The nomination/election of the next Mayor is to be conducted by the current Mayor. Once the next Mayor has been elected by the City Council, the newly-elected Mayor immediately presides over and conducts the remainder of the business items on the agenda, including the election of Vice Mayor.

2. The method of nomination in this respect is an "open nomination" solely by and from within the membership of the presently-seated Clayton City Council. Nominations cannot be accepted from members of the public.

3. No "second" is required for a nomination, although sometimes one or more members will "second" a nomination to indicate endorsement.

4. In no event may one member nominate more persons than there are positions to fill.

5. When it appears no one else wishes to make a nomination, the chair of the meeting asks one (1) final time if there are additional nominations. If there is no response, the chair then declares..." the nomination for [Mayor; Vice Mayor, as applicable] is closed."

   It is unnecessary to have a motion to officially close the nominations; yet, if such a motion is made, that motion then requires an affirmative 2/3rds vote of the Council present [4 of 5]. After nominations are closed, a majority vote is required to re-open them.

6. Nominees are voted on in the order in which they are nominated. As soon as one of the nominees receives a majority vote [in this case, 3 or more votes], the chair then declares that person elected to that respective office, and no vote is taken on the remaining nominee(s).

MAYOR SELECTION

In accordance with the adopted *Council Guidelines and Procedures* [February 2007], the City Council has established six (6) guidelines pertaining to the annual selection of Mayor. Reference is made to the attachment to this Staff Report for the review of those guidelines.

FISCAL IMPACT

No financial impact. The office of Mayor and Vice Mayor receive the same monthly stipend as other members of the City Council.

Attachment: Page 4 of *Council Guidelines and Procedures* [1 pg.]
*Reference: Chapter XIV - Nominations and Elections, *Robert's Rules of Order* [RONR, 10th Edition, pp. 418-430]

2. Staff in General.

a. Council may make reasonable requests for information directly from Department Heads.

b. An informal system of direct communication with staff is used but not abused by Council.

c. Staff will inform Council immediately when an unusual event occurs that the public would be concerned about [e.g., major vehicular accidents; major police activities; areas cordoned off by police or fire, etc.].

d. The Council and staff will not intentionally blind side each other in public; if there is an issue or a question a Council Member has regarding an agenda item, that Member will contact staff prior to the meeting.

E. COUNCIL RESPONSIBILITIES FOR KEEPING INFORMED

1. Read Commission minutes and staff reports to find out issues being addressed.

2. Read documents on planning items.

3. Read City Manager "goal updates" list for Council.

4. Do homework diligently and thoroughly.

F. MAYOR SELECTION

1. Election to Vice Mayor and Mayor requires supporting votes of three (3) Council Members, but in the interest of harmony unanimous consensus is to be sought and encouraged.

2. Any Council Member wanting or not wanting a role has a responsibility to tell all other Members.

3. As far as possible and until otherwise decided, Council Members will take turns as Mayor.

4. Mayorship will be a one-year term, commencing with the first meeting in December.

5. Selection of a Mayor is not a lock-step system. The Vice Mayor is generally expected to ascend to Mayor.

6. All Council Members are peers, and the Mayor and Vice Mayor serve at the pleasure of the Council.

Agenda Date: 12-1-09

Agenda Item: 10a

Approved

Gary A. Napper, City Manager

CITY COUNCIL STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: DAVID WOLTERING, COMMUNITY DEVELOPMENT DIRECTOR
MILAN J. SIKELA, JR., ASSISTANT PLANNER

DATE: DECEMBER 1, 2009

SUBJECT: AMENDMENTS TO CLAYTON'S MUNICIPAL CODE (ZOA 03-09) TO ALLOW MANUFACTURED HOMES WITHIN THE CITY OF CLAYTON

RECOMMENDATION

It is recommended that the City Council approve Introduction and First Reading of Ordinance No. 425 amending the Clayton Municipal Code to allow manufactured homes within the City of Clayton in accordance with State law.

BACKGROUND

Manufactured and factory-built housing can be integral parts of the solution for addressing housing needs. Manufactured homes are "single-family dwellings" transportable in one or more sections constructed to a federally preemptive standard. (Legal definition is contained in Health and Safety Code Section 18008.7).

Pursuant to Government Code Section 65852.3 the siting and permit process for manufactured housing should be regulated in the same manner as a conventional or stick-built homes. Specifically, Government Code Section 65852.3(a) requires, with the exception of architectural requirements, a local government, including charter cities, shall only subject manufactured homes to the same development standards to which a conventional single-family residential dwelling on the same lot would be subject, including, but not limited to, building setback standards, side and rear yard requirements, standards for enclosures, access, and vehicle parking, aesthetic requirements, and minimum square footage requirements.

Further, State law requires that a community's Housing Element must describe the siting and permit process for manufactured and factory-built housing and demonstrate how the community has identified zoning and development standards that will provide opportunities for these housing types. The preparation and adoption of this subject ordinance is a requirement stated in Clayton's 2009 Housing Element Update.

DISCUSSION

As described in the Background section of this report, State law (Government Code Section 65852.3) requires that local jurisdictions like the City of Clayton allow for manufactured housing under specified circumstances. Essentially, the law states the development standards and permit process for manufactured housing should be the same as conventional, stick-built, single-family housing. However, architectural requirements may vary for manufactured housing. Staff has worked with the Planning Commission to prepare a draft ordinance to satisfy the requirements of Government Code Section 65852.3, while assuring compatibility of manufactured housing with conventional single-family housing within the City of Clayton.

At the Planning Commission meetings of October 27, 2009 and November 10, 2009, the Commission developed appropriate standards that would satisfy both State legal requirements and the Commission's expressed desire that manufactured homes be architecturally compatible with surrounding conventional residential development, with architectural features and treatments, including eaves and exterior siding and roof materials, that contribute to the manufactured homes blending with this surrounding development.

Under Section 6 of proposed Ordinance 425 are standards that not only allow for manufactured housing where conventional single-family housing would be allowed (specified sloped properties and properties listed in the "California Register of Historic Places" excepted) in accordance with State law, but, in addition, include architectural requirements to ensure compatibility with surrounding conventional single-family development. At its meeting of November 10, 2009, the Planning Commission recommended City Council approval of Ordinance No. 425 (see Attached). Finally, staff has attached pertinent staff reports and meeting minutes associated with the Planning Commission process to develop and recommend City Council approval of Ordinance 425.

ATTACHMENTS

1 Ordinance No. 425
2 Planning Commission Resolution No. 04-09
3 November 10, 2009 Planning Commission Staff Report w/o Attachments
4 November 10, 2009 Planning Commission Minutes [excerpt]
5 October 27, 2009 Planning Commission Staff Report w/ Attachment "A" only
6 October 27, 2009 Planning Commission Minutes [excerpt]

ZOA\2009\03-09.sr3

ORDINANCE NO. 425

AMENDMENT OF CHAPTER 17.36 (GENERAL REGULATIONS) TO ADD SECTION 17.36.078 TO ALLOW MANUFACTURED HOMES ON LOTS WHERE SINGLE-FAMILY RESIDENTIAL HOUSING IS ALLOWED, AN AMENDMENT OF CHAPTER 17.44 (SITE PLAN REVIEW) TO ADD SECTION 17.44.040.H TO SPECIFY DESIGN STANDARDS FOR MANUFACTURED HOMES, AND AN AMENDMENT OF CHAPTER 17.04 (DEFINITIONS) TO AMEND SECTION 17.04.138 TO PROVIDE A DEFINITION FOR MANUFACTURED HOMES, ADD SECTION 17.04.139 TO RELOCATE THE DEFINITION FOR MIXED USE TO MAINTAIN THE ALPHABETICAL ORDER OF DEFINED TERMS, AMEND SECTION 17.04.140 TO PROVIDE A DEFINITION FOR MOBILEHOME, ADD SECTION 17.04.141 TO PROVIDE A DEFINITION FOR MOBILEHOME PARK, AND ADD SECTION 17.04.142 TO RELOCATE THE DEFINITION FOR NONCONFORMING USE TO MAINTAIN THE ALPHABETICAL ORDER OF DEFINED TERMS
(ZOA 03-09)

THE CITY COUNCIL
City of Clayton, California

THE CITY COUNCIL OF THE CITY OF CLAYTON FINDS AS FOLLOWS:

WHEREAS, the Clayton Municipal Code does not address manufactured homes; and

WHEREAS, State law requires that the City of Clayton allow for manufactured homes to be constructed within the City under specified circumstances; and

WHEREAS, Section 17.04.138 of the Municipal Code has been modified to provide a definition for "Manufactured Home"; and

WHEREAS, Section 17.04.139 of the Municipal Code has been added to relocate the definition for "Mixed Use" to maintain the alphabetical order of the defined terms; and

WHEREAS, Section 17.04.140 of the Municipal Code has been modified to provide a definition for "Mobilehome"; and

WHEREAS, Section 17.04.141 of the Municipal Code has been added to provide a definition for Mobilehome Park"; and

WHEREAS, Section 17.04.142 of the Municipal Code has been added to relocate the definition for "Nonconforming Use" to maintain the alphabetical order of the defined terms; and

WHEREAS, Section 17.36.078 of the Municipal Code has been added to provide standards for manufactured home; and

WHEREAS, Section 17.44.040.H of the Municipal Code has been added to provide a reference to the standards in Section 17.36.078; and

WHEREAS, the Planning Commission held a duly-noticed study session of October 13, 2009 and likewise noticed public hearings on October 27, 2009 and November 10, 2009 to address allowing manufactured homes in the City of Clayton, determined that these proposed amendments of the Municipal Code involve minor alterations of land use limitations which would not result in any changes in land use or density and would qualify for categorical exemptions from the California Environmental Quality Act (CEQA) in accordance with Section 15305 of the State CEQA Guidelines; determined that these amendments would be in conformance with the General Plan; determined that the public necessity, convenience, and general welfare would require adoption of these amendment; and recommended City Council approval of these amendment; and

WHEREAS, on December 1, 2009 and January___, 2010, the City Council held duly-noticed public hearings and gave due consideration to all testimony, comments, and documents received; and

WHEREAS, the City Council determined that the amendment of the Municipal Code would not result in any changes in land use or density and would qualify for categorical exemptions from the California Environmental Quality Act (CEQA) in accordance with Section 15305 of the State CEQA Guidelines; and

WHEREAS, the City Council determined that the following amendments would be in general conformance with the General Plan; and

WHEREAS, the City Council determined that the public necessity, convenience, and general welfare would require adoption of the amendments; and

WHEREAS, there is no evidence that the amendments will have the potential for any individual or cumulative adverse effects on fish and wildlife resources or their habitat, as defined in Section 711.2 of the Fish and Game Code.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CLAYTON DOES ORDAIN AS FOLLOWS:

SECTION 1. Section 17.04.138 of the Municipal Code is amended to read as follows:

"17.04.138 Manufactured Home. "Manufactured Home" means a single-family dwelling transportable in one or more sections constructed to a federally preemptive standard."

SECTION 2. Section 17.04.139 of the Municipal Code is added to read as follows:

"17.04.139 Mixed Use. "Mixed Use" means properties on which various uses, such as residential, commercial, or institutional, are combined in a single building or on a single site (including contiguous lots) in a development project with significant functional interrelationships and an integrated physical design. (Ord. 402, 2007)"

SECTION 3. Section 17.04.140 of the Municipal Code is amended to read as follows:

"17.04.140 Mobilehome. "Mobilehome" means a moveable dwelling retaining an axle with no permanent foundation, but connected to utility lines and set more or less permanently at a location."

SECTION 4. Section 17.04.141 of the Municipal Code is added to read as follows:

"17.04.141 Mobilehome Park. "Mobilehome Park" means any area or tract of land where one or more mobilehome lots are rented or leased or held out for rent or lease to accommodate mobilehomes used for human habitation."

SECTION 5. Section 17.04.142 of the Municipal Code is added to read as follows:

"17.04.142 Nonconforming Use. "Nonconforming Use. "Nonconforming use" means a use of land, building, or structure on land that does not conform to this title for the district in which it is situated. (Ord. 52, 1968)"

SECTION 6. Section 17.36.078 of the Municipal Code is added to read as follows:

"17.36.078 Standards for Manufactured Homes.

A. Manufactured Homes including Mobilehomes on a Permanent Foundation System. Mobilehomes eligible to be placed on individual lots where single-family residential units are allowed are those constructed after September 15, 1971, with an insignia of approval from the California Department of Housing and Community Development or constructed after July 1, 1976, with an insignia of approval from the U.S. Department of Housing and Urban Development, and which have not been altered in violation of applicable codes. Mobilehomes placed on a permanent foundation system on individual lots where single-family residential units are allowed shall be subject to all applicable provisions of this Title 17, including those provisions that would otherwise be applicable to single-family stick-built residential units. These eligible manufactured homes shall have a minimum width of twenty feet, and shall comply with the following standards:

1. Siding and roofing materials shall be compatible with the surrounding conventional single-family residential development.
2. Covered parking and storage buildings associated with a manufactured home shall have matching architectural treatments.
3. Eaves shall be extended to provide appropriate solar screening, shadowing interest, depth articulation, and to be compatible with the surrounding conventional single-family residential development.
4. Exterior fascia shall extend down and be secured to the required permanent foundation system in a manner visually similar to a stick-built home.
5. Overall exterior appearance shall blend architecturally with the design character of surrounding conventional single-family residential development.
6. All walkways, driveways, flatwork, hardscaping, and landscaping located on the property of a manufactured home shall be of a quality design that is compatible with surrounding conventional single-family residential development and have a natural visual flow that is balanced with the design of the home.
7. Skirting is prohibited.

Manufactured Homes or Mobilehomes on permanent foundation systems in compliance with this title may be placed on lots zoned for single-family residential uses, except that no mobilehomes shall be permitted on non-graded hillside lots exceeding ten (10) percent grade or split-level graded lots.

B. Mobilehomes Having No Permanent Foundation System. A mobilehome retaining an axle having no permanent foundation system shall be placed in a mobile home park.

C. Manufactured homes and mobilehomes on a permanent foundation are prohibited from being located on real property that is listed in the 'California Register of Historic Places' pursuant to Government Code Section 65852.3(b)."

SECTION 7. Section 17.44.040.H of the Municipal Code is added to read as follows:

"H. Design standards for manufactured homes shall be in accordance with Section 17.36.078 of the Municipal Code."

SECTION 8. If any provision of this Ordinance, or the application thereof to any person or circumstances, is held to be unconstitutional or to be otherwise invalid by any court competent jurisdiction, such invalidity shall not affect other provisions or clauses of this Ordinance or application thereof which can be implemented without the invalid provisions, clause, or application, and to this end such provisions and clauses of the Ordinance are declared to be severable.

SECTION 9. This Ordinance shall become effective thirty (30) days from and after its passage. Within fifteen (15) days after the passage of the Ordinance, the City Clerk shall cause it to be posted in three (3) public places heretofore designated by resolution by the City Council for the posting of ordinance and public notices. Further, upon its effective date the City Clerk is directed to incorporate Section 2 of this Ordinance to the Clayton Municipal Code.

The foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Clayton held on December 1, 2009.

Passed, adopted, and ordered posted by the City Council of the City of Clayton at a regular meeting thereof held on [month] [day], 2010, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

THE CITY COUNCIL OF CLAYTON

Julie K. Pierce, Mayor

ATTEST

Laci J. Jackson, City Clerk

APPROVED AS TO FORM

J. Daniel Adams, City Attorney

APPROVED BY ADMINISTRATION

Gary A. Napper, City Manager

I hereby certify that the foregoing Ordinance was duly introduced at a regular meeting of the City Council of the City of Clayton held on [month] [day], 2009, and was duly adopted, passed, and ordered posted at a regular meeting of the City Council held on [month] [day], 2010.

Laci J. Jackson, City Clerk

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CITY OF CLAYTON PLANNING COMMISSION
RESOLUTION NO. 04-09

AMENDMENT OF CHAPTER 17.36 (GENERAL REGULATIONS) TO ADD SECTION 17.36.078 TO ALLOW MANUFACTURED HOUSING ON LOTS WHERE SINGLE-FAMILY RESIDENTIAL HOUSING IS ALLOWED, AN AMENDMENT OF CHAPTER 17.44 (SITE PLAN REVIEW) TO ADD SECTION 17.44.040.H TO SPECIFY DESIGN STANDARDS FOR MANUFACTURED HOUSING, AND AN AMENDMENT OF CHAPTER 17.04 (DEFINITIONS) TO AMEND SECTION 17.04.138 TO PROVIDE A DEFINITION FOR MANUFACTURED HOMES, ADD SECTION 17.04.139 TO RELOCATE THE DEFINITION FOR MIXED USE TO MAINTAIN THE ALPHABETICAL ORDER OF DEFINED TERMS, AMEND SECTION 17.04.140 TO PROVIDE A DEFINITION FOR MOBILEHOME, ADD SECTION 17.04.141 TO PROVIDE A DEFINITION FOR MOBILEHOME PARK, AND ADD SECTION 17.04.142 TO RELOCATE THE DEFINITION FOR NONCONFORMING USE TO MAINTAIN THE ALPHABETICAL ORDER OF DEFINED TERMS
(ZOA 03-09)

Whereas, the Planning Commission held a duly-noticed study session on October 13, 2009 to review the subject of amending the Municipal Code to allow for manufactured homes/housing in Clayton; and

Whereas, the Planning Commission held duly-noticed public hearings on October 27, 2009 and November 10, 2009 on an amendment to Section 17.04.138, addition of Section 17.04.139, amendment of Section 17.04.140, and additions of Sections 17.04.141, 17.04.142, 17.36.078, and 17.44.040.H of the Municipal Code to allow for manufactured homes in Clayton; and

Whereas, the Planning Commission considered the public testimony and staff reports received at the October 27, 2009 and November 10, 2009 meetings; and

Whereas, the amendment to Section 17.04.138, addition of Section 17.04.139, amendment of Section 17.04.140, and additions of Sections 17.04.141, 17.04.142, 17.36.078, and 17.44.040.H of the Municipal Code to allow for manufactured homes in Clayton; and are exempt from the California Environmental Quality Act (CEQA) in accordance with Sections 15305 of the CEQA Guidelines.

Now, Therefore, Be it Resolved That:

Section 1. The Planning Commission determines that the proposed amendments to the Municipal Code described in the **Attachment** would be in general conformance with the General Plan, including any affected implementation programs, and would be in the public interest as well as support the public necessity, convenience, and general welfare.

Section 2. The Planning Commission recommends that the City Council approve the proposed amendments of the Clayton Municipal Code related to allowing manufactured homes/housing in Clayton.

Adopted by the Planning Commission on NOVEMBER 10, 2009.

APPROVED

Bob Armstrong
Chair

ATTEST

David Woltering, AICP
Community Development Director

Attachment: Draft ordinance for amending Section 17.04.138, adding Section 17.04.139, amending Section 17.04.140, and adding Sections 17.04.141, 17.04.142, 17.36.078, and 17.44.040.H of the Municipal Code

PLANNING COMMISSION
STAFF REPORT

Meeting Date: November 10, 2009

From: Milan Sikela, Jr. MS
Assistant Planner

Subject: Amendments to the Clayton Municipal Code (ZOA 03-09) to Allow Manufactured Homes Within the City of Clayton

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BACKGROUND AND DISCUSSION

At its meeting of October 27, 2009, the Planning Commission held a public hearing to review amendments to the Clayton Municipal Code to allow for manufactured homes. The Commission expressed a desire that manufactured homes be architecturally compatible with surrounding residential development with architectural features and treatments, including eaves and exterior siding and roof materials, that contribute to these homes blending with surrounding residential development.

The Commission also asked staff to clarify how manufactured homes should be addressed with respect to properties with historic designations. Staff researched Government Code Section 65852.3(b) and observed that this section exempts cities and counties from the requirement of allowing manufactured homes and mobilehomes on real property that is listed in the "California Register of Historic Places." Accordingly, staff has amended proposed Section 17.36.078.C of the Clayton Municipal Code to prohibit manufactured homes and mobilehomes from being placed on properties listed in the "California Register of Historic Places."

Staff has incorporated the Commission's comments and provided an amended resolution and draft ordinance for Commission review that responds to the Commission's comments and direction (see **Attachment**).

RECOMMENDATION

Staff recommends that the Planning Commission approve Resolution No. 04-09, which recommends City Council approval of an ordinance to:

- Amend Section 17.04.138 of the Clayton Municipal Code to provide a definition for "Manufactured Home" and remove the definition for "Mixed Use";
- Add Section 17.04.139 to the Clayton Municipal Code to relocate the definition for "Mixed Use";
- Amend Section 17.04.140 of the Clayton Municipal Code to provide a definition for "Mobilehome" and remove the definition for "Nonconforming Use";
- Add Section 17.04.141 to the Clayton Municipal Code to provide a definition for "Mobilehome Park";
- Add Section 17.36.078 to the Clayton Municipal Code to address manufactured homes/housing; and
- Add Section 17.44.040.H to reference the standards in Section 17.36.078.

ATTACHMENT

Clayton Planning Commission Resolution 04-09 with draft ordinance

Minutes
City of Clayton Planning Commission Meeting
Tuesday, November 10, 2009
Excerpt

Call to Order

Chair Bob Armstrong called the meeting to order at 7:00 p.m. at Hoyer Hall, 6125 Clayton Road, Clayton.

Present:	Chair Bob Armstrong, Vice Chair Sandra Johnson, Commissioner Tuija Catalano, Commissioner Ted Meriam, Commissioner Dan Richardson
Absent:	None
Staff:	Community Development Director David Woltering Assistant Planner Milan Sikela, Jr.

Public Hearings

3B. **ZOA 03-09, Municipal Code Amendment, City of Clayton.** A public hearing regarding possible amendments to the Clayton Municipal Code to allow manufactured homes within the City of Clayton, consistent with the requirements of State law.

Assistant Planner Sikela presented staff report and suggested that proposed Section 17.36.078.A.8 could be deleted, given that manufactured homes, like conventional single-family homes, wouldbe presented to the Planning Commission for review and approval.

Planning Commission comments included:

- Commissioners indicated support for the modifications made to the proposed ordinance by staff since the last meeting.
- Commissioners indicated support for Assistant Planner Sikela's suggestion to delete proposed Section 17.36.078.A.8.
- Chair Armstrong suggested modification of the proposed definition for mobilehomes having no foundation system to include a reference that they "retain an axle". The Commission supported Chair Armstrong's suggestion for the proposed modification.

Commissioner Catalano moved and Vice Chair Johnson seconded a motion to approve Resolution No. 04-09, thereby, recommending City Council approval of the draft ordinance amendment pertaining to allowing manufactured housing in Clayton. The motion passed 5-0.

PLANNING COMMISSION
STAFF REPORT

Meeting Date: October 27, 2009

From: Milan Sikela, Jr. MS
Assistant Planner

Subject: Amendments to the Clayton Municipal Code (ZOA 03-09) to Allow Manufactured Homes Within the City of Clayton

---

BACKGROUND AND DISCUSSION

At its meeting of October 13, 2009, the Planning Commission held a study session to review possible amendments to the Clayton Municipal Code to allow for manufactured housing within Clayton. In accordance with State law, these amendments would allow for the siting and permit process involved with construction of a manufactured home to be processed in the same manner as for a "stick-built" residence. During the October 13th meeting, the Commission provided the following direction:

- We want to ensure that the design of manufactured homes are compatible with existing single-family residences within Clayton.
- We should require that the permanent foundations of manufactured homes interface with the home in a similar fashion as a "stick-built" residence.
- The manufactured home should always be built to blend with the design character of the neighborhood that it is located within.
- All walkways, driveways, flatwork, hardscaping, and landscaping located on the property of a manufactured home should be of a quality design and have a natural visual flow that is balanced with the design of the home.
- It would be a good idea to specify design standards if the manufactured home is proposed for a location within a historic district that is regulated by codified architectural requirements.
- Manufactured housing should be prohibited in the Town Center Specific Plan area.
- We want to avoid skirting so that the manufactured home looks as similar to a "stick-built" home as possible.

Additionally, staff has also provided draft wording that allows the Community Development Director to refer a manufactured home to the Planning Commission if the Director believes that the structure may not be compatible with the surrounding existing structures in the neighborhood.

Staff has contacted the Contra Costa County Building Inspection Department and obtained a copy of Section 84-68.1602 of the Contra Costa County Code which addresses permanent mobile homes (see **Attachment A**). Staff has incorporated components of the County wording into the text of the proposed amendment. Furthermore, staff consulted with the City Engineer and is proposing wording to assure that the fascia of the manufactured home is integrated with the require permanent foundation to be similar in appearance to a "stick-built" home.

RECOMMENDATION

Staff recommends that the Planning Commission approve Resolution No. 04-09, which recommends City Council approval of an ordinance to:

- Amend Section 17.04.138 of the Clayton Municipal Code to provide a definition for "Manufactured Homes/Housing" and remove the definition for "Mixed Use";
- Add Section 17.04.139 to the Clayton Municipal Code to relocate the definition for "Mixed Use";
- Add Section 17.36.078 to the Clayton Municipal Code to address manufactured homes/housing; and
- Add Section 17.44.040.H to reference the standards in Section 17.36.078.

ATTACHMENTS

A Section 84-68.1602 of the Contra Costa County Code [excerpt]
B Clayton Planning Commission Resolution 04-09 with draft ordinance

ZOA\2009\03-09.sr1

ATTACHMENT A

Article 84-68.16. Permanent Use

84-68.1602 Permanent mobile homes.

Mobile homes may be located, maintained and used for human habitation by building permit in all single-family residential districts (R-) and all agricultural districts (A-) when the mobile home unit complies with the following:

(1) It is to be occupied only as a principal residence on the lot;

(2) It meets all development standards of the applicable zoning district;

(3) It is certified under the National Mobile H Construction and Safety Act of 1974 and any subsequent revisions;

(4) It is installed on a permanent foundation system approved by the building inspection department of Contra Costa County;

(5) It is covered with an exterior material customarily used in new conventional single-family residential structures in the surrounding area;

(6) The exterior covering material must extend to the ground consistent with the most recent county-adopted Uniform Building Code. If a solid concrete or masonry perimeter foundation is used, the covering material need not extend below the top of the foundation. No conventional mobile home skirting shall be allowed;

(7) The roofing material is of a material customarily used in new, conventional single-family residential structures in the surrounding area;

(8) The roof has eave and gable overhangs;

(9) The covering material of the garage or carport is the same as used on the mobile home unit;

(10) The roof overhangs, siding and roofing material have been approved by the zoning administrator. The exterior materials must be found compatible with neighboring residences.

(Ords. 92-65 § 2 [former § 84-68.808], 87-22 § 3, 87-3 § 2, 8138 § 2 [former § 84-68.807]: Govt. C. § 65852-3).

Minutes
City of Clayton Planning Commission Meeting
Tuesday, October 27, 2009
Excerpt

Call to Order

Vice Chair Sandra Johnson called the meeting to order at 7:00 p.m. at Hoyer Hall, 6125 Clayton Road, Clayton.

Present: Vice Chair Sandra Johnson, Commissioner Tuija Catalano, Commissioner Ted Meriam, Commissioner Dan Richardson

Absent: Chair Bob Armstrong

Staff: Community Development Director David Woltering
Assistant Planner Milan Sikela, Jr.

Public Hearings

3A. **ZOA 03-09, Municipal Code Amendment, City of Clayton.** A public hearing regarding possible amendments to the Clayton Municipal Code to allow manufactured homes within the City of Clayton, consistent with the requirements of State law.

Assistant Planner Sikela presented the staff report.

Planning Commission questions and comments included:

- Have concerns that wording in proposed Section 17.36.078.C is unclear as to the intent for handling manufactured homes with respect to the properties designation on the National Register of Historic Places. Director Woltering indicated that this standard could be amended so that it merely refers to a manufactured home having to comply with the applicable Government Code section or the wording modified.
- We need to provide definitions for mobilehomes and mobilehome parks.
- Do we have a historic area of Clayton? Director Woltering responded that there is no specifically recorded historic district within Clayton.
- An intent of the ordinance is to require manufactured homes to visually blend with existing single-family residential development in Clayton.
- Our goal is to ensure that manufactured homes are architecturally compatible with surrounding structures and that includes prohibition of skirting and integration of walkway, driveway, flatwork, hardscape, and landscape components of the lot that the manufactured home is located on.
- By consensus, the Commission directed staff to incorporate the suggested changes and return with a revised draft amendment for review at the next regularly scheduled meeting.

Commissioner Catalano moved and Vice Chair Johnson seconded a motion to continue Municipal Code Amendment ZOA 03-09 to the next regularly-scheduled Planning Commission meeting on November 10, 2009. The motion passed 4-0.

Agenda Date: 12-1-09

Agenda Item: 10b

Approved:

Gary A. Napper
City Manager/Executive Director

AGENDA REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: CITY MANAGER

DATE: 01 DECEMBER 2009

SUBJECT: DETERMINATION OF WEEK DAY AND FREQUENCY OF CONCERTS 2010 CONCERTS IN THE GROVE SERIES

RECOMMENDATION

It is recommended the City Council adopt a motion setting Saturday evenings from approximately 6:00 p.m. to 8:00 p.m. as the general day and time for the 2010 Concerts in The Grove series with a frequency schedule of a concert no more than every other Saturday during the concert season in 2010.

BACKGROUND

Commencing with the City Council meeting on 01 September 2009 and at several meetings and study sessions thereafter, the City Council has deliberated over the time and preferred day(s) of the week to hold the increasingly popular Concerts in The Grove series. Entering its 3rd season in 2010, the downtown concerts have achieved one of the primary goals for the City's construction of The Grove Park, namely bringing residents and visitors into the Town Center to socialize as a community and provide patronage opportunities for the commercial businesses and restaurants in downtown.

Although the Council has discussed the topic of week day and frequency for the concerts series in 2010, no official action to date has been formally taken to set the time table for next season. In order to commence the booking of bands in 2010 (particularly the more popular groups), it has been requested by Council Member Geller that the City Council now establish this criteria.

CONCERT SERIES DAY AND FREQUENCY

Examining the results of a distributed survey of attendees at the last concert in 2009, the preferred day of the week to hold the concerts is overwhelmingly on Saturdays (146-0). When questioned if the concerts should be held on a different day, attendees soundly rejected that idea (8-131), with Friday evening garnering the most alternative interest (5). It would be appropriate for the City Council to formally set Saturday as the concert night in 2010.

At its September 1st meeting, the City Council did authorize alcohol consumption in The Grove Park only on concert nights from 5:00 p.m. – 9:00 p.m. with the public park to be closed around 9:30 p.m. Further, the City Council did establish that no blankets or chairs may be set out in the park by the public before 4:00 p.m. in attempt to reserve concert seating. However, no official action has been taken to confirm the concerts' actual show time or frequency.

During the first two seasons, the concert times differed in order to provide some sound relief for the surrounding residential neighborhoods on concert Saturdays:

Concert Year	Concert Time
2009	6:00 p.m. – 8:00 p.m.
2008	6:00 p.m. – 8:30 p.m.

Concert experience has realized that starting and ending times are not precise due to set up, performer break and encore variables, therefore the 8:00 p.m. concluding time has an inherent margin of about 20-30 minutes. The survey results indicate general agreement with the 2009 time period (103-40), with most "No" voters desiring longer concerts for their enjoyment (31 wanting a 2½ hour concert).

The question of frequency for the concerts series generally divided the attendees' interests with 69 votes favoring twice a month concert and 73 wanting a concert every week. To balance the public attraction of the concerts with the financial concerns expressed by some local eating establishments, a general consensus has emerged that the concerts should not occur any more frequently than every other Saturday. Formal approval of that consensus should be enacted by Council motion.

FISCAL IMPACT

The adopted Redevelopment Agency budget for FY 2009-2010 contains sufficient funds for the City's sponsorship of the Concerts in The Grove with the Clayton Business and Community Association (CBCA) and Republic Services (aka Allied Waste Services), provided the concert schedule is not every Saturday during the May – September concert season.

Attachments: 1. Results of Attendee Survey 2009 [3 pp.]

ATTACHMENT 1

Concerts in The Grove 2009

Survey of Attendees - Results tabulated as of 9-23-09

#	Question	Yes	No
1	How many of the 10 *Concerts in The Grove* did you attend this year?		
	One	20	
	Two	15	
	Three	11	
	Four	20	
	Five	15	
	Six	15	
	Seven	12	
	Eight	14	
	Nine	17	
	Ten	13	
2	Did you like the day of the week (Saturdays) the concerts were held?	146	
3	Would you prefer the concerts held on another evening?	8	131
3a	If Yes, which day?		
	Sunday	2	
	Monday		
	Tuesday		
	Wednesday		
	Thursday		
	Friday	5	
4	Would you like the concerts offered on alternating weeknights and weekends? Example: A Wednesday night and then a Saturday evening.	9	132
5	Did you like the time of the concerts this year @ 6:00-8:00pm?	103	40
5a	If No, what time would you prefer? 6pm to 8:30pm	31	
	6:30-8:30 = 2 6:30pm to 8pm	1	
	5:30pm to 7:30pm	4	
	6-9 = 1 Other: 7-9 or later	6	
6	Were you pleased with the variety of music at the concerts?	120	6
6a	If no, what type of music would you enjoy that we overlooked? See notes attached		

Concerts in The Grove 2009
Survey of Attendees - Results tabulated as of 9-23-09

#	Question				Yes	No
7	What groups did you particularly enjoy this year?					
	May 18 - *Lava* - Latin Salsa w/ sounds by Santana, Malo & other Latin greats				56	15
	May 30 - *Houserockers* - Rock & Soul - 10 piece band - all-time hits				58	4
	June 13 - *Mamaluke* - Classic Rock - Rolling Stones to Tom Petty & ZZ Tops				74	5
	June 27 - *Sun Kings* - Musical Tribute to the Beatles				70	5
	July 11 - *Mixed Nuts* - Oldies & Goodies from 50s to today				75	8
	July 25 - *Becca* - Country				50	10
	Aug 8 - *In Disguise* - Classical Jazz from 40s to R&B and Pop hits of 80s				55	5
	Aug 22 - *Diamond Dave* - Pop classics Neil Diamond to Frank Sinatra				83	5
	Aug 29 - *Replica* - 80s rock Tribute band: Journey, Boston, Heart				77	8
	Sept 19 - *Harvey & the Wallbangers* - Rock, R&B, Country, Oldies				113	3
8	Would you attend a concert on July 4th?				110	29
8a	If yes, preferred time?			Afternoon	19	
				Evening	79	
9	How frequently would you like to have concerts next year?					
				Twice a month	69	
				Every Week	73	
				Once a month	0	
				Other	0	
10	What time in the year should these concerts begin?					
	Early May	33	Mid May	38		
	End of May	35	Early June	22		
	Mid June	13				
11	When should the concert season end?					
	Mid August	0	Late August	0		
	Early September	7	Mid September	27		
	Late September	113				
12	Did you purchase food/beverages from any downtown restaurant or community eatery before, during or after the concert?				114	32
12a	If Yes, when did you purchase?			Before	75	
				During	48	
				After	16	

Concerts in The Grove 2009
Survey of Attendees - Results tabulated as of 9-23-09

12b	If Yes, at how many concerts did you buy local food or beverages? Please circle:			
	One Concert	12	Six Concerts	3
	Two Concerts	18	Seven Concerts	3
	Three Concerts	7	Eight Concerts	5
	Four Concerts	16	Nine Concerts	2
	Five Concerts	12	All Ten Concerts	0
13	Which restaurant(s) or eateries did you frequent? Please circle how often?			
	Canesa's Deli	9	Moresi's Chophouse	36
	Cup o' Jo	8	Skipolini's Pizza	81
	Ed's Mudville Grill	76	Village Market	119
	Johnny's Int'l Bistro Café	56	Clayton Station stores	39
	La Veranda	23	Other; Clayton Club	2

14	If you did not frequent local restaurants or eateries, was it because of (circle all applicable):		Yes	No
	Time constraints		11	
	Monetary costs		16	
	Food choice		4	
	Brought food/drink from home		28	
	Other			
15	Would you like to buy food/beverages at booths in The Grove at concerts?	?	46	43
16	Would you like to buy beer/wine at booths in The Grove during concerts?		35	57
17	Should there be a time limit for chairs/blankets to be set out ("reserved")?		41	51
18	Was the music volume during the concerts generally...			
	Too loud		9	
	Too soft		8	
	About right		77	
19	Is there anything you would like to see changed about the *Concerts in The Grove* series?		See notes	
20	The *Concerts in The Grove* series was financially provided by the Clayton Redevelopment Agency (City), the Clayton Business and Community Association (CBCA) and Allied Waste Services. In order to keep the concert series next year, are you willing to voluntarily make a nominal donation at each concert you attend?		86	4
21	Did you donate this year?		85	7
22	The concerts are only possible with the help of volunteers. Would you be willing to volunteer to help set up or clean up at the concerts?	?	29	42
23	Please share your comments with us below or at www.ci.clayton.ca.us; click on the "contact us" tab. Thank you!			

Agenda Date: 12-1-09

Agenda Item: 3a RDA

MINUTES OF THE REGULAR MEETING

CLAYTON REDEVELOPMENT AGENCY

September 15, 2009

1. **CALL TO ORDER AND ROLL CALL** - The meeting was called to order at 8:10 p.m. by Vice Chair Medrano in Hoyer Hall of the Clayton Community Library, 6125 Clayton Road, Clayton, CA. Boardmembers present: Vice Chair Medrano, Boardmembers Stratford, Geller and Pierce. Boardmember absent: Chair Shuey. Staff present: Executive Director Napper, General Counsel Adams, and Deputy Secretary Cupit.

(b) *Government Code Section 54956.9*, Conference with Legal Counsel
Pending Litigation: *JFC Construction, Inc. v. City of Clayton*

(c) *Government Code Section 54956.8*, Conference with Real Property Negotiator
Real Property: 250 Stranahan Circle, Clayton, CA (APN 119-620-037-0).
Instructions to Agency negotiator (Executive Director) concerning terms and conditions.
Negotiating Party: Kenneth Smith, Jr.

2. **PUBLIC COMMENTS – None.**

3. **CONSENT CALENDAR**

(a) Approve the minutes of the regular meeting of July 21, 2009.

It was moved by Boardmember Pierce, seconded by Boardmember Stratford to approve the Consent Calendar as submitted (Passed: 4-0)

4. **PUBLIC HEARING** - None.

5. **ACTION ITEMS**

(a) Consider financial options for the Agency to address the State of California's seizure of $1,965,056 in Agency tax increment revenues in Fiscal Year 2009-2010.

Executive Director Napper gave the staff report outlining four options for the Board to consider in managing this $2.4 million theft by the State of CA over the next two years.

Vice Chair Medrano requested public comment on the item – No comments provided. Boardmember Pierce stated that Option B should be chosen.

Boardmember Geller concurred. Option B involves a one-time loan of $592,000 from the Agency's Housing fund with the balance of monies from the Downtown Economic Development Fund (CIP No. 10400)

It was moved by Boardmember Pierce, seconded by Boardmember Stratford to adopt a motion authorizing staff to implement Option B for Agency compliance with the imposed state legislation (Passed; 4-0 vote).

6. **BOARD ITEMS** – None.

7. **ADJOURNMENT** – on call by Vice Chair Medrano the meeting was adjourned at 8:19 p.m.

Respectfully submitted,

_____
Lynn Cupit, Deputy Secretary

APPROVED BY CLAYTON
REDEVELOPMENT AGENCY BOARD

_____
Joseph A. Medrano, Vice Chair

Agenda Date: 11-1-09

Agenda Item: 3a RDA

MINUTES
OF THE
REGULAR MEETING

CLAYTON REDEVELOPMENT AGENCY

October 6, 2009

1. **CALL TO ORDER & ROLL CALL** - the meeting was called to order at 6:02 p.m. by Chairman Shuey at Hoyer Hall of the Clayton Community Library, 6125 Clayton Road, Clayton, CA. Boardmembers present: Chairman Shuey, Vice Chairman Medrano, Boardmembers Geller, Stratford, and Pierce. Staff present: Executive Director Napper, Secretary Jackson, and General Counsel Adams.

2. **CLOSED SESSION**

(c) *Government Code Section 54956.8*, Conference with Real Property Negotiator
Real Property: 250 Stranahan Circle, Clayton, CA (APN 119-620-037-0).
Instructions to Agency negotiator (Executive Director) concerning terms and conditions.
Negotiating Party: Kenneth Smith, Jr.

Reports out from Closed Session: Chairman Shuey reported the Board gave direction to the Real Property Negotiator.

7. **ADJOURN** – on call by Chairman Shuey the meeting adjourned at 7:03 p.m.

Respectfully submitted,

Laci J. Jackson, Secretary

Clayton Redevelopment Agency Board

David T. Shuey, Chairman

Agenda Date: 12-1-09

Agenda Item: 3a RDA

MINUTES
OF THE
REGULAR MEETING

CLAYTON REDEVELOPMENT AGENCY

November 17, 2009

1. **CALL TO ORDER & ROLL CALL** - the meeting was called to order 5:33 p.m. by Vice Chairman Medrano at Hoyer Hall of the Clayton Community Library, 6125 Clayton Road, Clayton, CA. Boardmembers present: Vice Chairman Medrano, Boardmembers Geller, Stratford, and Pierce. Absent: Chairman Shuey. Staff present: Assistant to the City Manager Hoffmeister, Secretary Jackson, and General Counsel Adams.

2. **CLOSED SESSION**

(a) *Government Code Section 54956.8*, Conference with Real Property Negotiator
Real Property: 250 Stranahan Circle, Clayton, CA (APN 119-620-037-0).
Instructions to Agency negotiator (Acting Executive Director) concerning terms and conditions.
Negotiating Party: Kenneth Smith, Jr.

Reports out of Closed Session: Vice Chairman Medrano reported the Board gave direction to Legal Counsel.

3. **ADJOURNMENT OF THE REDEVELOPMENT AGENCY MEETING**
Chairman Shuey.

3. **ADJOURN** – on call by Vice Chairman Medrano the meeting adjourned at 7:00 p.m.

Respectfully submitted,

_____
Laci J. Jackson, Secretary

Clayton Redevelopment Agency Board

_____
Joseph A. Medrano, Vice Chairman

CITY OF CLAYTON

Approved:

Gary A. Napper
City Manager/Executive Director

STAFF REPORT

Agenda Date: 12-1-09

Agenda Item: 3b

TO: HONORABLE BOARD OF DIRECTORS

FROM: MERRY PELLETIER

DATE: DECEMBER 1, 2009

SUBJECT: AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2009 (FY '08-'09)

RECOMMENDATION

Accept the unqualified Audit Report for the Redevelopment Agency of the City of Clayton-Basic Financial Statements and Independent Auditors' Reports for fiscal year ending June 30, 2009 prepared by Moss, Levy & Hartzheim.

BACKGROUND

The Agency's Audit report was completed in December 2009, to accompany the Annual Report of Financial Transactions to be sent to the State Controller's Office for the Redevelopment Agency. The audit went smoother this year as we implemented our third year of preparing the financial reports in-house with the help of a consultant. This decision was made to provide a better separation of duties between the audit team looking at the Agencies financial transactions and the actual report itself. The reporting format includes a management discussion and analysis for the Agency's financial statements that are intended to serve as an introduction to the Agency's basic financial statements. A statement of net assets and a statement of activities and changes in net assets are also included that presents information on all the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator or whether the financial position of the Agency is improving or deteriorating. The Agency's net asset deficit was eliminated leaving a positive net asset balance of $1,167,959 compared to a deficit of $1,184,487 in the prior fiscal year.

FISCAL IMPACT

None

CONCLUSION

Accept the unqualified Audit Report for the Redevelopment Agency of the City of Clayton-Basic Financial Statements and Independent Auditors' Reports for fiscal year ending June 30, 2009 prepared by Moss, Levy & Hartzheim.

Respectively submitted,

Merry Pelletier

Merry Pelletier
Finance Manager
Attachments:
Redevelopment Agency Basic Financial Statements and Independent Auditors' Report.

Clayton Redevelopment Agency
Clayton, California

Basic Financial Statements and
Independent Auditors' Report

For the fiscal year ended June 30, 2009

Clayton Redevelopment Agency
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June 30, 2009

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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Members of the Governing Board
Clayton Redevelopment Agency
Clayton, California

We have audited the accompanying financial statements of the governmental activities and the major funds of the Clayton Redevelopment Agency (Agency), a component unit of the City of Clayton, California (City), as of and for the fiscal year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Agency. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Agency as of June 30, 2009, and the respective changes in financial position, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2008, the Agency adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards.*

OFFICES: BEVERLY HILLS · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2009, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison Schedules of the Capital Projects Funds and Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison Schedule of the Capital Projects Funds and Debt Service Fund have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

MOSS, LEVY & HARTZHEIM, LLP
Beverly Hills, California
November 23, 2009

Clayton Redevelopment Agency
Management's Discussion and Analysis
For the year ended June 30, 2009

The discussion and analysis of the Clayton Redevelopment Agency's (Agency) financial performance provides an overall review of the Agency's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the Agency's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the Agency's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the Agency were greater than the liabilities at the close of the most recent fiscal year by $1,167,959. The prior year deficit was eliminated during the fiscal year. The Agency typically issues debt to acquire or construct capital assets, which it turns over to the City or other agencies. As a result, the Agency records the debt but has no corresponding assets. Debt payments are made by future revenues.
- As of the close of the current fiscal year, the Agency reported combined ending fund balances of $7,125,075, an increase of $211,442 from the prior year. Approximately 54.6% of the total fund balance (compared to 36.5% for the prior year) is reserved for low and moderate income housing developments and programs ($3,887,012). An additional 15.2% (compared to 15.5%) is reserved for approved capital projects ($1,080,673). Another 16.2% (compared to 17.9%) is reserved for debt service ($1,157,390). Finally, an additional 14.0% (compared to 0%) is reserved for contingencies ($1,000,000). The Agency's long-term liabilities decreased by $1,660,000 to $11,160,000.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

The Agency is a component unit of the City of Clayton, which is the primary government and issues Basic Financial Statements that include the Agency's financial Statements.

Government-wide Financial Statements

The Government -wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These statements are designed to provide readers with a broad overview of the Agency's finances. They provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances.

The *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or declining.

The *statement of activities* presents information showing how the Agency's net *assets* changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

All of the Agency's activities are considered to be governmental in nature and, as a result, no business-type activities are reported in these statements. Governmental activities are those that are principally supported by taxes and intergovernmental revenues. For the Agency, governmental activities consist of fostering vitality in the Clayton Downtown area and improving, preserving and supporting the development of quality affordable housing throughout the City.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements also report the Agency's operations in more detail than the Agency-wide statements by providing information about the Agency's most significant funds. All the Agency's funds are governmental funds. The Agency Board adopts an annual appropriated budget for each fund.

Notes to the Financial Statements

The *notes* provide additional information that is essential to a full understanding of the data provided in the Agency-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets can serve over time as a useful indicator of the Agency's financial position. At June 30, 2009, the Agency's assets were greater than the liabilities by $1,167,959. The following table displays a year-to-date summary.

Statement of Net Assets

	June 30, 2009	June 30, 2008
Current and other assets	$ 6,973,233	$ 5,996,633
Non-current assets	5,432,082	5,938,515
Restricted assets	158,000	164,000
Total Assets	12,563,315	12,099,148
Current liabilities	785,356	1,053,635
Long-term liabilities	10,610,000	12,230,000
Total Liabilities	11,395,356	13,283,635
Net Assets:		
Restricted	12,327,959	11,635,513
Unrestricted	(11,160,000)	(12,820,000)
Total Net Assets	$ 1,167,959	$ (1,184,487)

Statement of Activities
For Fiscal Year Ended

	June 30, 2009	June 30, 2008	Percentage Change
Revenues:			
Program Revenues:			
Operating grants and contributions	$ -	$ -	% 0
General Revenue:			
Property taxes	5,626,307	5,325,418	6%
Investment earnings	214,413	232,180	(8)%
Miscellaneous	800	131,218	(99)%
Gain (loss) on sale of land held for resale	-	167,846	(100)%
Total revenues	5,841,520	5,856,662	(0)%
Expenses:			
Community service and facilities	29,852	10,825	176%
Planning and development	1,229,565	1,059,548	(22)%
Interest on long term debt and fiscal charges	588,253	796,518	(26)%
Total expenses	1,847,670	1,866,891	(1)%
Transfers to the City of Clayton	(1,641,404)	(922,268)	78%
Changes in net assets	2,352,446	3,067,503	(23)%
Net assets beginning of year, as restated	(1,184,487)	(4,251,990)	% 72%
Net assets end of year	$ 1,167,959	$ (1,184,487)	

Property tax revenues increased due to increased property values. Investment income decreased due to a continuing decline in interest rates. Transfers to the City of Clayton increased due to an increase in the Capital Improvement budget expenditures.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Agency's funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements.

All of the Agency's funds were presented as major funds as follows:

Capital Projects Fund – This fund accounts for 80% of the redevelopment property tax increment revenue, $4,501,046 and associated project expenditures for the Agency's project area. This fund records the administrative expenditures required to support the Agency's capital projects and includes pass-through payments to other taxing entities and tax increment revenue shifted to the State Educational Revenue Augmentation Fund. This fund balance totaled $1,080,673 at June 30, 2009, compared to $1,164,999 a year earlier.

Projects completed during this fiscal year included the Marsh Creek Road Retaining Wall ($319,847); 2008 Pavement Rehabilitation project ($1,156,605), and the Community Park TOT Lot/BBQ/Picnic Area Upgrade ($695,469). Additional funding was set aside for the Clayton Road Trail Connection ($70,851); for a feasibility analysis at the Community Park for lights and artificial turf ($10,157); and for future Downtown Economic Development Projects ($457,263).

Low/Moderate Capital Projects Fund –This fund accounts for 20% of the redevelopment property tax increment revenue, $1,125,261, as a set aside for affordable housing developments. This fund balance totaled $4,887,012 at June 30, 2009, compared to $4,504,332 a year earlier.

Redevelopment low and moderate income housing funds supported the Diamond Terrace Senior Housing Project with $200,000.

Debt Service Fund – This fund accounts for the Agency's series 1993, 1996A, and 1999 Tax Allocation Bonds debt service payments. Revenues are transferred from the Capital Projects Fund. This fund balance totaled $1,157,390 at June 30, 2009, compared to $1,244,302 a year ago.

DEBT ADMINISTRATION

Debt Service: The Agency issued Redevelopment Tax Allocation Bonds in 1993, 1996, and 1999 in the amount of $19,590,000. The proceeds from these bond issues have been used to fund various projects throughout the City. Principal and interest payments totaled $2,253,890 during 2008-09. The Clayton Redevelopment Agency tax increment cap of $55 million is net of the housing set aside and revenue sharing agreements. Through solid assessed value growth, the Agency will have collected approximately $47.5 million in tax increment against the cap through fiscal year 2009. Although this leaves $7.5 million to be collected under the cap, with a 4% assumed annual growth rate in assessed value the Agency will reach the cap in 2014. Therefore, all of the outstanding bonds should be defeased on or prior to 2014. To this end, the Agency called $1,130,000 in bonds in August of 2008, and has planned to call an additional $1,495,000 in February of 2010. By calling outstanding Agency bonds beginning in 2004, the Agency should stay in compliance with the increment cap test. A gradual bond retirement program is planned that will allow all of the outstanding bonds to be redeemed prior to the Agency reaching its $55 million tax increment cap. This plan will allow the Agency to collect at least $600,000 of surplus revenues annually for administration and other uses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Agency's actual revenues exceeded staff estimates by $518,637 during this past year. A portion of this increase (51%) was due to real property sales occurring within the project area, establishing higher (re)assessed valuations that form the basis for the levy of government property taxes. Since private property sales (or significant improvements thereof) establish higher (re)assessed valuations that form the basis for the levy of government property taxes, those monies then proportionally flow to the Clayton Redevelopment Agency as our share of the "tax increment". A second portion of the revenue increase (35%) was due to higher supplemental and unitary property taxes not anticipated during the budget process. The final portion of the revenue increase (14%) was due to unbudgeted program revenue in the Low/Moderate Capital Projects Fund.

In fiscal year 2009-2010, it is estimated the Agency will receive gross tax increment revenues totaling $5,297,572 (includes projected program and interest earnings). This amount ($328,735) is less than the actual amount received in fiscal year 2008-09 due to a conservative budget approach that did not include any supplemental or unitary revenue. This total revenue projection only illustrates on paper what our Agency is allocated before tax increment is siphoned out for our pre-negotiated "pass throughs" to other taxing public entities within our jurisdiction (e.g. school district, community college district, etc.). Our Agency's pre-negotiated "pass through" formulas are accelerated in accord with the Redevelopment Agency's adopted plan. All other public agency taxing entities began receiving 100% of their normal tax allocation (in fiscal year 2007-2008). This maturation provision means more monies were siphoned from the gross tax increment revenues of the Agency and cause fewer monies to be available for discretionary capital projects. For fiscal year 2009-2010 we estimated "pass through" revenue obligations would total $1,000,516. Actual figures will not be received from the county until the end of April 2010. An additional unbudgeted $1,965,056 will be taken from the Agency as the State Department of Finance was unable to close their state deficit. The seized monies will be deposited in a county "Supplemental Educational Revenue Augmentation Fund", which will then be distributed to public schools to meet the State's Prop 98 fiscal obligations to education. In response to this unconstitutional taking, the California Redevelopment Association has begun preparation of yet another lawsuit to challenge this act. Until the outcome of that litigation is settled, redevelopment agencies must address how it will pay its share of the shift. The estimated financial loss to the Clayton Redevelopment Agency is huge, over 2 ½ times the amount of net discretionary monies expected from this year alone (after debt obligations and Agency operations). On September 15, 2009 the Board approved funding the state take away by loaning $592,412 from the Low/Moderate Housing fund and by transferring $1,372,644 from tax increment revenues in the Capital Improvement Project No. 10400 – Downtown Economic Development. The Agency has carefully managed its fiscal resources, and does have adequate tax increment revenues available that will not disrupt pre-existing debt obligations or operations. The theft of $1.37 million from the Downtown Economic Development Fund seriously hinders the Agency's capacity to assist in programs or actions aimed at revitalizing the Clayton Town Center, including the potential acquisition of real properties or support of retail commercial and affordable housing construction. The Agency's gross revenue stream, $4,501,046 (80%) flows to our Agency's discretionary-use fund while the balance $1,125,261 (20%) is deposited in our state-required Low-Moderate Housing fund. The Agency is expected to have sufficient resources to address its debt service obligation in Fiscal Year 2009-2010.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Manager, 6000 Heritage Trail, Clayton, CA 94517.

Basic Financial Statements

Government-Wide Financial Statements

Clayton Redevelopment Agency
Statement of Net Assets
June 30, 2009

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	$ 5,849,976
Cash with fiscal agent	1,108,725
Interest receivable	14,532
Total Current Assets	6,973,233
Noncurrent Assets:	
Notes receivable	4,060,189
Investment in low and moderate income housing	1,371,893
Total Noncurrent Assets	5,432,082
Restricted Assets:	
Investment in bonds	158,000
TOTAL ASSETS	12,563,315
LIABILITIES	
Current Liabilities:	
Accounts payable	6,158
Interest payable	229,198
Long-term debt due within one year	550,000
Total Current Liabilities	785,356
Noncurrent Liabilities:	
Long-term debt due in more than one year	10,610,000
Total Noncurrent Liabilities	10,610,000
TOTAL LIABILITIES	11,395,356
NET ASSETS	
Restricted for:	
Capital projects	1,396,012
Debt service	928,192
Low and moderate income housing	10,003,755
Unrestricted:	
Unrestricted	(11,160,000)
TOTAL NET ASSETS	$ 1,167,959

See accompanying Notes to Basic Financial Statements

Clayton Redevelopment Agency
Statement of Activities and Changes in Net Assets
For the fiscal year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Primary Government:					
Governmental activities					
Community services and facilities	$ 29,852	$ -	$ -	$ -	$ (29,852)
Planning and development	1,229,565	-	-	-	(1,229,565)
Interest and fiscal charges	588,253	-	-	-	(588,253)
Total governmental activities	$ 1,847,670	$ -	$ -	$ -	(1,847,670)
	General revenues and transfers:				
	Taxes:				
	Property taxes				5,626,307
	Total Taxes				5,626,307
	Investment income (loss)				214,413
	Miscellaneous				800
	Transfers to the City of Clayton				(1,641,404)
	Total general revenues and transfers				4,200,116
	Change in Net Assets				2,352,446
	Net assets - beginning of fiscal year				(1,184,487)
	Net assets - end of fiscal year				$ 1,167,959

See accompanying Notes to Basic Financial Statements.

Governmental Funds Financial Statements

The Clayton Redevelopment Agency has determined all of its funds to be major funds.

The ***Capital Projects Fund*** accounts for project expenditures in the Agency's project area.

The ***Low/Moderate Capital Projects Fund*** accounts for redevelopment property tax increments, which must be set aside for low and moderate income housing.

The ***Debt Service Fund*** accounts for the Agency's Series 1993, 1996A, and 1999 Tax Allocation Bonds debt service payments.

Clayton Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds			
	RDA Capital Projects Fund	RDA Low/Moderate Capital Projects Fund	RDA Debt Service Fund	Total
ASSETS				
Cash and investments	$ 921,814	$ 4,879,615	$ 48,547	$ 5,849,976
Cash with fiscal agent	-	-	1,108,725	1,108,725
Interest receivable	2,485	11,929	118	14,532
Notes receivable	315,339	3,744,850	-	4,060,189
Investment in bonds	158,000	-	-	158,000
Investment in low and moderate income housing	-	1,371,893	-	1,371,893
TOTAL ASSETS	$ 1,397,638	$ 10,008,287	$ 1,157,390	$ 12,563,315
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$ 1,626	$ 4,532	$ -	$ 6,158
Deferred revenue	315,339	5,116,743	-	5,432,082
TOTAL LIABILITIES	316,965	5,121,275	-	5,438,240
FUND BALANCE				
Reserved for:				
Capital projects	1,080,673	-	-	1,080,673
Debt service	-	-	1,157,390	1,157,390
Contingencies	-	1,000,000	-	1,000,000
Low and moderate income housing	-	3,887,012	-	3,887,012
TOTAL FUND BALANCE	1,080,673	4,887,012	1,157,390	7,125,075
TOTAL LIABILITIES AND FUND BALANCE	$ 1,397,638	$ 10,008,287	$ 1,157,390	$ 12,563,315

See accompanying Notes to Basic Financial Statements.

Clayton Redevelopment Agency
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets
June 30, 2009

Total Fund Balances - Total Governmental Funds	$	7,125,075
Amounts reported for governmental activities in the Statement of Net Assets were different because:		
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.		(229,198)
Revenues which are deferred on the Governmental Funds Balance Sheet because they are not available currently are recorded revenue in the Statement of Activities and accordingly increase the net assets on the Statement of Net Assets.		5,432,082
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		
Advance from City of Clayton		(475,000)
Long-term debt - current portion		(550,000)
Long-term debt -noncurrent portion		(10,135,000)
Net Assets of Governmental Activities	$	1,167,959

See accompanying Notes to Basic Financial Statements.

Clayton Redevelopment Agency
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2009

	Major Funds			
	RDA Capital Projects Fund	RDA Low/Moderate Capital Projects Fund	RDA Debt Service Fund	Total
REVENUES				
Property taxes	$ 4,501,046	$ 1,125,261	$ -	$ 5,626,307
Program income	-	79,700	-	79,700
Use of money and property	28,680	192,861	(7,128)	214,413
Other revenue	800	-	-	800
TOTAL REVENUES	4,530,526	1,397,822	(7,128)	5,921,220
EXPENDITURES				
General Government				
Community services and facilities	19,027	-	10,825	29,852
Planning and development	863,615	457,149	-	1,320,764
Loss on sale of land held for resale	-	432,993	-	432,993
Principal	-	-	1,660,000	1,660,000
Interest and fiscal charges	30,875	-	593,890	624,765
TOTAL EXPENDITURES	913,517	890,142	2,264,715	4,068,374
REVENUES OVER (UNDER) EXPENDITURES	3,617,009	507,680	(2,271,843)	1,852,846
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,184,931	2,184,931
Transfers out	(2,059,931)	(125,000)	-	(2,184,931)
Transfers to the City of Clayton	(1,641,404)	-	-	(1,641,404)
TOTAL OTHER FINANCING SOURCES (USES)	(3,701,335)	(125,000)	2,184,931	(1,641,404)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(84,326)	382,680	(86,912)	211,442
FUND BALANCES:				
Beginning of fiscal year	1,164,999	4,504,332	1,244,302	6,913,633
End of fiscal year	$ 1,080,673	$ 4,887,012	$ 1,157,390	$ 7,125,075

See accompanying Notes to Basic Financial Statements.

Clayton Redevelopment Agency
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities
For the fiscal year ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds	$	211,442
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:		
Certain notes receivable are reported as expenditures in the Governmental Funds and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued.		444,492
Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-wide Statement of Net Assets. This amount represents long-term debt repayments.		1,660,000
Interest expense on long-term debt is reported in the Government-wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in Governmental Funds. This amount represents the change in interest payable.		36,512
Change in Net Assets of Governmental Activities	$	2,352,446

See accompanying Notes to Basic Financial Statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Clayton Redevelopment Agency of the City of Clayton, California, (Agency) have been prepared in conformity with accounting principles generally accepted in the U.S.A. (USGAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

A. Description of Reporting Entity

The Agency is a blended component unit of the City of Clayton (City). The City Manager acts as the Agency's Executive Director and the City Council acts as the governing commission, which exerts significant influence over its operations. Accordingly, the financial operations of the Agency have also been included in the financial statements issued by the City.

The Agency was established in June 1987. The Agency Board members are the elected officials of the City Council. Redevelopment Plans were adopted in June 1987 for the Redevelopment Project Area. The Agency was established pursuant to the Community Development Law of the State of California as codified in Part 1 of Division 24 of the State of California Health and Safety Code. As such, the Agency acts as a legal entity, separate and distinct from the City, even though the City Council serves as the Agency's Board of Directors.

The actions of the Agency are binding and its representatives routinely transact business, including the incurrence of long-term debt, in the Agency's name. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a declining condition and within the Project Area.

B. Basis of Accounting/Measurement Focus

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government - wide Financial Statements - The Agency's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental activities for the Agency.

These financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Agency did not have any program revenues at June 30, 2009. All of the Agency's revenues were considered to be general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Basis of Accounting/Measurement Focus, Continued

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. The following interfund activities have been eliminated:

- Transfers in/out

Governmental Funds Financial Statements - Governmental funds financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental funds. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The Agency has presented all major funds.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue source, which has been treated as susceptible to accrual by the Agency, is property taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The Agency has the following major funds:

- *Capital Project Fund* – This fund accounts for project expenditures in the Agency's project area.
- *Low/moderate Capital Projects Fund* – This fund accounts for redevelopment property tax increments, which must be set aside for low and moderate income housing.
- *Debt Service Fund* – This fund accounts for the Agency's Series 1993, 1996A, and 1999 Tax Allocation Bonds debt service payments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency's policy is to apply restricted net assets first.

D. Cash and Investments

The Agency pools its available cash with the City for investment purposes. The City considers pooled cash and investment amounts with original maturities of three months or less to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The Agency participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3),* certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

E. Investment in Low and Moderate Income Housing

The Agency has purchased and re-sold various properties to low and moderate income households. The Agency carries the difference between the cost and the sale on these properties as an investment in low and moderate income housing until the property is either bought back by the Agency or sold on the open market. The City participates in the profits on any sales to an outside party in the same proportion as what the low and moderate income purchaser purchased the property from the Agency below the market value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

F. Long-Term Liabilities

Government-wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

G. Fund Balances

In the Governmental Fund Financial Statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation. Designations of fund balances represent tentative management plans that are subject to change.

H. Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. The Agency had no net assets that were invested in capital assets net of related debt.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Implementation of New GASB Pronouncements

The Agency has implemented the requirements of GASB Statements No. 49, No. 52, No. 55, and No. 56 during the fiscal year ended June 30, 2009.

GASB Statement No. 49 – *Accounting and Financial Reporting for Pollution Remediation Obligations*
This Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning. Implementation of GASB Statement No. 49 did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 52 – *Land and Other Real Estate Held as Investments by Endowments*
This Statement is effective for periods beginning after June 15, 2008. The Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. Implementation of GASB Statement No. 52 did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 55 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
This Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. Implementation of GASB Statement No. 55 did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 56 – *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards*
This Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

J. Implementation of New GASB Pronouncements, Continued

Statement addresses three issues not included in the authoritative literature that establishes accounting principles - related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. Implementation of GASB Statement No. 56 did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2009.

2. CASH AND INVESTMENTS

The Agency has pooled its cash and investments of $5,849,976 with the City in order to achieve a higher return on investment. The City maintains a cash and investment pool, which includes cash balances and authorized investments of all the Agency's funds, which the City invests to enhance interest earnings. The pooled interest earned is allocated to the Agency's funds quarterly, based on average daily cash and investment balances in these funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled. These restricted funds include cash with fiscal agents. The investments made by the City are limited to those allowable under State statutes and include the following types of investments:

U.S. Government Securities
Certificates of Deposit
Mutual Funds
Guaranteed Investment Contracts
Commercial Paper
Repurchase Agreements
Deposits with Banks
State of California Local Agency Investment Fund

All cash and investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average cash and investment balances of the various funds and related entities of the City. Cash and investments in the accompanying Statement of Net Assets include investment earnings accrued through June 30, 2009.

The Agency also had Cash with Fiscal Agents in the amount of $1,108,725, which was designated for debt service payments. These funds were all invested in Securities of U.S. Government Treasury Agencies with U.S. Instrumentality. They all mature within 12 months and have a Aaa rating.

See the City's Basic Financial Statements for disclosures related to cash and investments and the related credit risk, concentration of credit risk, and interest rate risk.

3. NOTES RECEIVABLE

At June 30, 2009, notes receivable consisted of the following:

Description	Beginning Balance July 1, 2008	Additions	Deletions	Ending Balance June 30, 2009
Professional Apartment Management, Inc.	$ 2,851,800	$ 200,000	$ 61,400	$ 2,990,400
Eden Housing, Inc. (formerly Peace Grove)	567,000	-	-	567,000
Second Mortgage Program	205,750	-	18,300	187,450
Assessment District Loans	334,140	-	18,801	315,339
Total	$ 3,958,690	$ 200,000	$ 98,501	$ 4,060,189

Professional Apartment Management, Inc.

On September 21, 1999, the Agency made a loan to the Professional Apartment Management, Inc. ("PAM") in the amount of $750,000, at a non-interest bearing rate, to construct and develop an affordable senior assisted living center on the site to be known as "Diamond Terrace." The note is secured by the Deed of Trust. On October 1, 2001, the Agency entered into an agreement to loan PAM up to $4,036,000 including the $750,000 note previously advanced. The additional loan is at a non-interest bearing rate. Repayment of the loan is commenced on October 1, 2005, with annual payments through October 1, 2023. As of June 30, 2009, the outstanding balance of the loan was $2,990,400.

Eden Housing, Inc.

On October 13, 1992, the Agency made a loan to the Eden Housing Inc. (formerly Peace Grove, Inc.) in the amount of $567,000, at a non-interest bearing rate, for the purchase of land for redevelopment and housing project for low-income mental health system clients. The loan is secured by a Deed of Trust. The loan has been assumed by Eden Housing, Inc. The principal balance is payable on December 18, 2052. As of June 30, 2009, the outstanding balance of the loan was $567,000.

Second Mortgage Program

The Agency participates in a second mortgage assistance program, whereby qualified applicants are loaned money for a "silent second" down payment to purchase a home in the Stranahan development within the City. There are seven individual loans. As of June 30, 2009, the outstanding balance of the loans was $187,450.

Assessment District Loans

The Agency has provided assistance to special assessment districts within the City, to fund repairs and improvements. There are three districts that received loans. As of June 30, 2009, the outstanding balance of the loans was $315,339.

4. INTERFUND TRANSACTIONS

Interfund Transfers

During the fiscal year ended June 30, 2009, the Agency had the following transfers:

Transfers out	Transfers in Debt Service Fund
Capital Projects Fund	$ 2,184,931

The Agency transferred $2,184,931 from the capital projects fund to the debt service fund for the current debt service payments.

5. NOTES PAYABLE

On June 17, 1999, the Agency received a loan from the City in the amount of $475,000, at an interest rate of 6.5%. The interest is payable quarterly and the principal balance payable in full on or before January 1, 2023. As of June 30, 2009, the outstanding balance of the note was $475,000 and is included in the Agency's long-term debt.

6. LONG-TERM DEBT

The following is a summary of long-term debt transactions during the fiscal year ended June 30, 2009:

Description	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Amounts Due Within One Year	Amounts Due in More Than One Year
Governmental activities:						
1993 Tax Allocation Bonds	$ 1,130,000	$ -	$ 1,130,000	$ -	$ -	$ -
1996 A Refunding Tax Allocation Bonds	5,305,000	-	295,000	5,010,000	305,000	4,705,000
1999 Tax Allocation Bonds	5,910,000	-	235,000	5,675,000	245,000	5,430,000
Advance from City of Clayton	475,000	-	-	475,000	-	475,000
Total governmental activities	$ 12,820,000	$ -	$ 1,660,000	$ 11,160,000	$ 550,000	$ 10,610,000

6. LONG-TERM DEBT, CONTINUED

1996 Refunding Tax Allocation Bonds

1996 Series A Refunding Tax Allocation Bonds in the principal amount of $7,225,000 were issued on November 16, 1996 by the Agency to provide funding for projects within the Redevelopment Agency project area. The principal payments are payable on August 1 of each year. Interest payments are payable semi-annually on February 1 and August 1. Bonds maturing after August 1, 2009 are subject to call on any interest payment date at par, plus a premium 1% to 2% of the principal amount. The bonds are special obligations of the Agency and are secured by the Agency's tax increment revenue.

The annual debt service requirements to amortize the 1996 Refunding Tax Allocation Bonds outstanding at June 30, 2009, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	$ 305,000	$ 264,995	$ 569,995
2011	325,000	248,453	573,453
2012	340,000	230,745	570,745
2013	360,000	211,570	571,570
2014	375,000	190,990	565,990
2015-2019	2,230,000	605,833	2,835,833
2020-2021	1,075,000	58,453	1,133,453
Total	$ 5,010,000	$ 1,811,039	$ 6,821,039

1999 Tax Allocation Bonds

1999 Issue Tax Allocation Bonds in the principal amount of $7,460,000 were issued on June 15, 1999 by the Agency to provide funding for projects within the Redevelopment Agency project area. The principal payments are payable on August 1 of each year. Interest payments are payable semi-annually on February 1 and August 1. The bonds are special obligations of the Agency and are secured by the Agency's tax increment revenues.

The annual debt service requirements to amortize the 1999 Tax Allocation Bonds outstanding at June 30, 2009, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	$ 245,000	$ 271,883	$ 516,883
2011	255,000	260,878	515,878
2012	270,000	248,930	518,930
2013	280,000	236,140	516,140
2014	295,000	222,553	517,553
2015-2019	1,690,000	877,869	2,567,869
2020-2024	2,145,000	401,875	2,546,875
2025	495,000	12,375	507,375
Total	$ 5,675,000	$ 2,532,503	$ 8,207,503

7. RISK MANAGEMENT

As a component unit of the City, the Agency participates in joint power agreements through the Municipal Pooling Authority of Northern California (Authority), which provides insurance coverage for liability and workers' compensation claims. Claims liabilities are accrued when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Authority covers claims in an amount up to $15,000,000. The City has a deductible of $5,000 per claim for liability cases and no deductible for workers' compensation claims. Once the City's deductible is met, the Authority becomes responsible for payment of all claims. The Authority is self-insured up to $1,000,000 per claim and has excess coverage to a maximum of $25,000,000.

The Authority is governed by a board consisting of representatives from member municipalities. The board controls the operations of the Authority, including selection of management, approval of operating budgets, and is independent of any influence by member municipalities beyond their representation on the Board. The Executive Director of the Agency (i.e. City Manager) is a Board member of the Authority.

The City's general liability premium payments to the Authority in the amount of $76,135 for fiscal year 2009-2009 are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Detailed financial information may be obtained from the Authority at the following address:

Municipal Pooling Authority of California
1911 San Miguel Drive Suite #200
Walnut Creek, CA 94596

Other Supplementary Information

Clayton Redevelopment Agency
Supplementary Information
For the fiscal year ended June 30, 2009

BUDGETARY PRINCIPLES

The Agency follows these procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, the City Manager submits to the City Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Continuing appropriations are rebudgeted by the City Council as part of the adoption of subsequent year's budgets. The City and Agency routinely conduct a public Mid-Year Budget Review each year in late January or early February.

- Public hearings are conducted to obtain taxpayer comments.

- The budget is legally enacted through passage of a resolution during a City Council meeting in the month of June.

- The City Manager is authorized to transfer budgeted amounts within an activity, within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

- Formal budgeting is employed as a management control device during the year for the general, certain special revenue, and debt service funds.

- Budgets for the debt service and capital project funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budgeted amounts are as originally adopted or as amended by the City Council. Budget amendments were not material in relation to the original appropriations.

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as reservations of fund balances.

Clayton Redevelopment Agency
Budgetary Comparison Schedule
For the fiscal year ended June 30, 2009
RDA Capital Projects Fund

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	$ 4,144,938	$ 4,501,046	$ 356,108
Use of money and property	21,411	28,680	7,269
Other revenue	-	800	800
TOTAL REVENUES	4,166,349	4,530,526	364,177
EXPENDITURES			
Community services and facilities	-	19,027	(19,027)
Planning and development	858,733	863,615	(4,882)
Interest and fiscal charges	30,875	30,875	-
TOTAL EXPENDITURES	889,608	913,517	(23,909)
REVENUES OVER (UNDER) EXPENDITURES	3,276,741	3,617,009	340,268
OTHER FINANCING SOURCES (USES)			
Transfers out	(3,995,036)	(2,059,931)	1,935,105
Transfers to the City of Clayton	-	(1,641,404)	(1,641,404)
TOTAL OTHER FINANCING SOURCES (USES)	(3,995,036)	(3,701,335)	293,701
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (718,295)	(84,326)	$ 633,969
FUND BALANCES:			
Beginning of fiscal year		1,164,999	
End of fiscal year		$ 1,080,673	

Clayton Redevelopment Agency

Budgetary Comparison Schedule
For the fiscal year ended June 30, 2009
RDA Low/Moderate Capital Projects Fund

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	$ 1,036,234	$ 1,125,261	$ 89,027
Program income	-	79,700	79,700
Use of money and property	200,000	192,861	(7,139)
TOTAL REVENUES	1,236,234	1,397,822	161,588
EXPENDITURES			
Planning and development	415,813	457,149	(41,336)
Loss on sale of land held for resale	-	432,993	(432,993)
TOTAL EXPENDITURES	415,813	890,142	(474,329)
REVENUES OVER (UNDER) EXPENDITURES	820,421	507,680	(312,741)
OTHER FINANCING SOURCES (USES)			
Transfers out	(125,000)	(125,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(125,000)	(125,000)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 695,421	382,680	$ (312,741)
FUND BALANCES:			
Beginning of fiscal year		4,504,332	
End of fiscal year		$ 4,887,012	

Clayton Redevelopment Agency

Budgetary Comparison Schedule
For the fiscal year ended June 30, 2009
RDA Debt Service Fund

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Use of money and property	$ 28,800	$ (7,128)	$ (35,928)
TOTAL REVENUES	28,800	(7,128)	(35,928)
EXPENDITURES			
Community services and facilities	10,825	10,825	-
Principal	1,660,000	1,660,000	-
Interest and fiscal charges	623,583	593,890	29,693
TOTAL EXPENDITURES	2,294,408	2,264,715	29,693
REVENUES OVER (UNDER) EXPENDITURES	(2,265,608)	(2,271,843)	(6,235)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,184,931	2,184,931	-
TOTAL OTHER FINANCING SOURCES (USES)	2,184,931	2,184,931	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (80,677)	(86,912)	$ (6,235)
FUND BALANCES:			
Beginning of fiscal year		1,244,302	
End of fiscal year		$ 1,157,390	

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

9107 WILSHIRE BLVD., SUITE 400
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.273.1689
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Governing Board
Clayton Redevelopment Agency
Clayton, California

We have audited the financial statements of the governmental activities and the major funds of the Clayton Redevelopment Agency (Agency) as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated November 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

OFFICES: BEVERLY HILLS · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain other matters that we reported to management of the Agency in a separate letter dated November 23, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the component unit financial statements of the Agency are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the California State Controller. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Agency's Board of Directors, management, and the California State Controller's Office Division of Accounting and Reporting, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Beverly Hills, California
November 23, 2009

Agenda Date: 12-1-09
Agenda Item: 3c RDA

CITY OF CLAYTON

Approved:

Gary A. Napper
City Manager/Executive Director

AGENDA REPORT

TO: HONORABLE CHAIRMAN AND BOARD MEMBERS

FROM: DAVID WOLTERING, COMMUNITY DEVELOPMENT DIRECTOR

DATE: DECEMBER 1, 2009

SUBJECT: 272 STRANAHAN CIRCLE (SMITH) – AGENCY PURCHASE OPTION

RECOMMENDATION

Authorize the Agency Executive Director to purchase the Affordable Housing Unit at 272 Stranahan Circle based on the terms and appraised Fair Market Value of $425,000 in the attached Agreement of Purchase and Sale and Joint Escrow Instructions

BACKGROUND

The property at 272 Stranahan Circle is subject to the provisions of the attached "Resale Restriction Agreement and Option to Purchase." This Agreement was entered into by Mr. Smith, the current property owner, with the Clayton Redevelopment Agency on December 2, 1996 and recorded on December 10, 1996. The purpose for this Resale Restriction Agreement is to enable home ownership to eligible moderate income households. Section 6 of this Agreement indicates that any time the Owner intends to sell (i.e., transfer) the property, the Owner must offer the property to the Agency. The Owner, Mr. Smith, sent a letter dated August 26, 2009 (received by the Agency on September 8, 2009) offering the property at 272 Stranahan Circle for sale. On October 8, 2009, Agency staff delivered to Mr. Smith a letter indicating the Agency's intent to purchase this home. In accordance with Section 7 of the Agreement, if the Agency exercises its option to purchase the residence, it has 90 days from the date it receives the Owner's letter of intent to sell ("transfer") to purchase the residence. Accordingly, the Agency must purchase the residence 90 days from September 8th, i.e., December 7, 2009.

The sales price of the residence is prescribed in Section 7 of the Agreement: "...the Agency shall have the option to purchase the Residence (the "option") for an amount equal to the lesser of the Fair Market Value of the residence or the offered sales price...." Section 8 of the Agreement describes the procedure for determining the Fair Market Value of the residence. Agency staff has followed the requirements of this section and a property appraisal was prepared for 272 Stranahan Circle by an independent appraiser selected by Mr. Smith from the Agency's list of appraisers. The Agency and Mr. Smith have shared equally the cost of preparing this appraisal. The appraisal, dated October 29, 2009 (see Attached), determines the value of the property to be $425,000. Mr. Smith received a copy of this appraisal. Staff prepared and sent to Mr. Smith an Agreement of Purchase and Sale and Joint Escrow Instructions (see Attached), based on the appraised value of $425,000. This Agreement stipulates terms, including costs and responsibilities, for the purchase of 272 Stranahan Circle. Although Mr. Smith initially indicated a desire to have the opportunity to further negotiate the price and terms for the sale of his home, subsequently, on November 20, 2009, Mr. and Mrs. Smith submitted a letter and signed Agreement accepting the terms and price of $425,000 described in the Purchase Agreement. Section 8 of the Agreement does stipulate the Agency and Owner may establish a Fair Market Value of the residence by mutual agreement in lieu of an appraisal. The Smiths decided not to pursue this option.

Based on Mr. and Mrs. Smith's acceptance of the terms of the presented Agreement of Purchase and Sale and Joint Escrow Instructions, staff is recommending that the Agency Board of Directors authorize the Agency Executive Director to purchase the property. After purchasing the property, the Agency would then offer the property for sale to an eligible income household. The subsequent sale to an eligible household would then be deed-restricted to assure that the property continues to be affordable to moderate income households for a 45-year period.

Attachments:

1 November 20, 2009 Letter from Kenneth F. Smith to Agency Chairperson David Shuey and Community Development Director David Woltering

2 Agreement of Purchase and Sale and Joint Escrow Instructions for 272 Stranahan Circle

3 Resale Restriction Agreement and Option to Purchase for 272 Stranahan Circle, dated December 2, 1996

4 Property Appraisal for 272 Stranahan Circle, dated October 29, 2009

comdev/affordable hsg/smith/272 stranahan circle – agency purchase (affordable housing program)cc.sr.12.1.09

Kenneth F. Smith
250 Stranahan Circle
Clayton, Ca. 94517
PH# (925) 672-6535

November 20, 2009

David Woltering & Chairman David Shuey
Chairman Clayton Redevelopment Agency
City of Clayton
6000 Heritage Trail
Clayton, Ca. 94517

Mr. Woltering and Mr. Shuey:

I'm writing this letter to inform you that I have reconsidered my request to meet and negotiate a sales price for my residence located at 272 Stranahan Circle in the city of Clayton, California. After further consideration and discussion I have decided to accept the City of Clayton offer to purchase my residence at fair market value as described in the authorized appraisal report completed by Gary Gum. My wife and I have signed the provided "Sales Agreement" and I am returning the signed document to you (City of Clayton) for initiation of agreement action. I am not willing at this time to extend contractual purchase timelines as identified in the "Resale Restriction Agreement" but am willing to discuss an extension of the timeline if a request is negotiated verbally and contains only an extension of short duration. Please contact me and advise as soon as possible concerning any purchase extension request as well as your acceptance of the signed sales agreement.

Thank you for your time.

Kenneth F. Smith x

RECEIVED
NOV 20 2009
CLAYTON COMMUNITY
DEVELOPMENT DEPT

AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS

This **AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS** (this "Agreement") is made as of the 20th day of November 2009 by and between Kenneth F. Smith, Jr. and De Lora Smith ("Seller"), and the City of Clayton Redevelopment Agency ("Buyer").

RECITALS

A. WHEREAS, Seller is the owner of certain land and improvements located in the City of Clayton, County of Contra Costa, State of California, commonly known as 272 Stranahan Circle, Clayton, California and legally described on Exhibit "A," attached hereto (the "Land"), together with all improvements thereon and appurtenances thereto ("Improvements"). (The Land and Improvements are hereinafter collectively referred to as the "Property.")

B. WHEREAS, Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller, all on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the parties hereto agree as follows:

1. PURCHASE AND SALE.

Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, on the terms and conditions hereinafter set forth in this Agreement.

2. PURCHASE PRICE.

The total purchase price ("Purchase Price") for the Property shall be Four Hundred Twenty-Five Thousand Dollars ($425,000), payable by Buyer to Seller with Promissory note(s) secured by deed(s) of trust deposited in Escrow by Buyer prior to Close of Escrow.

3. CONDITION OF TITLE TO PROPERTY.

3.1 Title to the Property shall be conveyed to Buyer upon the Close of Escrow.

3.2 Title to the Property shall be conveyed to Buyer by Grant Deed (on the Title Company's standard form Grant Deed), free and clear of all liens except for (i) liens securing real property taxes and assessments (which constitute liens not yet due and payable); (ii) the Resale Restriction Agreement and Option to Purchase recorded in conjunction with this purchase, as applicable; (iii) any deed of trust securing a promissory note which is executed in conjunction with this purchase; and (iv) such other exceptions shown on a Preliminary Title Report ("Preliminary Report") issued by Placer County Title ("Title Company") which are approved by Buyer. (All exceptions to title permitted pursuant to this Paragraph 3.2 are referred to in this Agreement as "Permitted Exceptions.") Seller agrees to furnish Buyer with copies of the Preliminary Report within five (5) business days after the opening of escrow. Buyer shall have five (5) days after receipt of the Preliminary Report within which to notify Seller in writing of Buyer's disapproval of any exceptions set forth in the Preliminary Report. In the event of Buyer's disapproval of the Preliminary Report, Seller, at its sole election (to be exercised by written notice to Buyer in five (5) days after receipt of Buyer's said notice of disapproval), shall have five (5) days after Buyer's said disapproval within which to remove or otherwise remedy the disapproved exceptions. If Seller cannot eliminate or otherwise remedy the disapproved exceptions within said five

(5) day time period, this Agreement shall thereupon terminate and all sums and documents deposited in Escrow shall be returned to the parties who respectively deposited the same. Failure of Buyer to provide written disapproval of the Preliminary Report within the above time period shall be deemed approval.

3.3 Title to the Property shall be evidenced by the commitment of the title company to issue a standard Placer County Title policy of title insurance with liability in the amount of the Purchase Price showing title to the Property vested in Buyer and, if applicable, insuring Seller's purchase-money lien as evidenced by the purchase-money Deed of Trust subject only to the Permitted Exceptions.

4. CONTINGENCIES.

4.1 Buyer's obligation to purchase the Property is subject to the following contingencies described in subparagraphs (a) through (d), below in this Paragraph 4.1 ("Contingencies"). Each and all of the following Contingencies are for the sole benefit of Buyer and may be waived or deemed satisfied by Buyer in Buyer's sole and absolute discretion.

(a) Buyer's obtaining funds within thirty (30) days of the approval of this Agreement (secured by Deed(s) of Trust encumbering the Property) totaling not more than Four Hundred Twenty-Five Thousand Dollars ($425,000).

(b) Buyer's review and approval of the Preliminary Report as described in Paragraph 3.2 above.

(c) Buyer's inspection and examination of the physical condition of the Property. Buyer shall have access to the Property at reasonable times and shall have a right to conduct, at Buyer's expense, soil tests, environmental investigations, and such other studies with respect to the physical condition of the Property as Buyer may desire. Buyer shall have fourteen (14) days after approval of this Agreement to conduct such tests and studies, and to give written notice to Seller of any conditions unacceptable to Buyer. Buyer shall hold and save Seller harmless from and against any and all loss, cost, damage, liability, injury or expense, arising out of or in any way related to damage of property, injury to or death of persons, or the assertion of lien claims caused by such entry, inspection and implementation of soil tests, environmental investigations and other studies with respect to the physical condition of the Property. If Buyer elects to terminate this Agreement by reason of failure of the Contingency set forth in this subparagraph (c), Buyer shall promptly upon such election deliver to Seller all written reports, studies and information prepared by third parties for Buyer which pertain to the physical condition of the Property.

(d) Buyer's determination that zoning, the Resale Restriction Agreement and Option to Purchase, and other governmental regulations affecting the use of Property are satisfactory for Buyer's intended use. Buyer shall have fourteen (14) days after approval of this Agreement to make such determination and to give written notice to Seller of any zoning, Resale Restrictions, or governmental regulations which are unacceptable to Buyer.

If Buyer disapproves of the satisfaction of any Contingency within the applicable time period provided above, Buyer's sole remedy shall be to terminate this Agreement and Seller shall have no obligation to remedy any Contingency which Buyer disapproves. If this Agreement terminates as a result of the failure of the satisfaction of any of the Contingencies, all sums and documents deposited in Escrow shall be returned to the parties who respectively deposited the same.

4.2 If Buyer fails to give written notice to Seller of its disapproval of any Contingency within the respective applicable time limit(s) set forth above in Paragraph 4.1, it shall conclusively be deemed that Buyer has waived such Contingency shall conclusively be deemed satisfied.

5. REPRESENTATIONS AND WARRANTIES BY SELLER.

5.1 Seller makes the representations and warranties in this Paragraph 5, each and all of which shall survive any and all inquiries and investigations made by Buyer and shall survive the Close of Escrow and recordation of the Grant Deed.

5.1.1 Seller and the specific individual parties signing this Agreement on behalf of Seller represent and warrant that the parties signing this Agreement on behalf of Seller have the full legal power, authority and right to execute and deliver this Agreement.

5.1.2 Neither the entering into this Agreement nor the performance of any Seller's obligations under this Agreement will violate the terms of any contract, agreement or instrument to which Seller is a party.

5.1.3 To the best of Seller's knowledge, the Property is zoned Planned Development (PD) District.

5.1.4 Seller has not actually received any formal written notice of nor does Seller contemplate any pending widening, modification or realignment of any street or highway contiguous to the Property or any existing or proposed eminent domain proceeding which would result in taking of all or any part of the Property.

5.1.5 Seller has not actually received any formal written notice that any of the easements, covenants, conditions, restrictions or agreements to which the Property is subject interferes with or is breached by the use or operation of the Property as presently used and operated as a residence.

5.1.6 Seller has not been served (by means of formal, legal service of process as required by law) with any litigation, and no arbitration proceedings have been commenced, which do or will affect any aspect of the Property or Seller's ability to perform its obligations under this Agreement.

5.1.7 Seller has not actually received any formal written notice of any presently uncured violation of any law, ordinance, rule or regulation (including, but not limited to, those relating to zoning, building, fire, health and safety) of any governmental, quasi-governmental authority bearing on the construction, operation, ownership or use of the Property.

5.1.8 There are not any written commitments to, or written agreements with, any governmental, quasi-governmental authority or agency materially affecting the Property which have not been heretofore disclosed by Seller to Buyer in writing, or are listed in this Agreement.

5.1.9 Seller has not been served (by means of formal, legal service of process as required by law) or formally notified in writing by any governmental, quasi-governmental authority (i) that the Property or any adjoining property, contains or may contain any "Hazardous Materials" in violation of any "Environmental Regulations" (as those terms are defined in Paragraph 5.1.10, below); or (ii) that the Seller has stored, used or maintained Hazardous Materials or suffered, permitted, allowed or acquiesced in any storage, use or maintenance of Hazardous Materials on, in or under the Property in violation of any Environmental Regulations. In addition, to the best of Seller's knowledge, but without any specific investigation therefore, there are no Hazardous Materials in any way relating to all or any portion of the Property or the area surrounding the Property.

5.1.10 As used in this Agreement, the terms "Environmental Regulations" and "Hazardous Materials" shall have the following meanings:

(a) "Environmental Regulations" shall mean all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial and administrative and regulatory decrees, judgments and orders relating to the protection of human health or the environment, including, without limitation: (i) all requirement, including but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Materials, whether solid, liquid or gaseous in nature, into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, whether solid, liquid or gaseous in nature; and (ii) all requirements pertaining to the protection of the health and safety of employees or the public.

(b) "Hazardous Materials" shall mean (i) any flammables, explosive or radioactive materials, hazardous wastes, toxic substances or related materials including, without limitation, substances defined as "hazardous substances", "hazardous materials", "toxic substances" or "solid waste" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq.; and in the regulations adopted and publications promulgated pursuant to said laws; (ii) those substances listed in the United States Department of Transportation Table (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto); (iii) those substances defined as "hazardous wastes", "hazardous substances", or "toxic substances" in any similar federal, state or local laws or in the regulations adopted and publications promulgated pursuant to any of the foregoing laws or which otherwise are regulated by any governmental authority, agency, department, commission, board or instrumentality of the United States of America, the State of California or any political subdivision thereof, (iv) any pollutant or contaminant or hazardous, dangerous or toxic chemicals, materials, or substances within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders) relating to or imposing liability or standard of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended; (v) petroleum or any by-products thereof; (vi) any radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. Sections 2011 et seq., as amended, and in the regulations adopted and publications promulgated pursuant to said law; (vii) asbestos in any form or condition, and (viii) polychlorinated biphenyls.

5.1.11 Seller has neither engaged nor dealt with any real estate broker or finder in connection with the sale contemplated by this Agreement.

5.1.12 Seller will not alter the physical condition of the Property from and after the date of this Agreement, reasonable wear and tear excepted. If, through no fault of Seller, the physical condition of the Property is different on the date scheduled for the Close of Escrow as of the date of this Agreement, the terms and conditions of Paragraph 5.2, below shall apply.

5.1.13 To the extent required by law, Seller shall provide Buyer with copies of the natural hazard zone disclosure report, real estate transfer disclosure statement, federal lead-based paint disclosure, sex offender disclosure, and any other disclosure statements required by law arising from the Seller's purchase of the Property on 272 Stranahan Circle.

5.1.14 To the extent required by law, Seller shall install smoke detectors and water heater bracing.

5.2 If, prior to the Close of Escrow, new events have occurred which were beyond the control of Seller and which render any previously true representation or warranty untrue, Seller shall, within three (3) days upon learning thereafter, disclose those matters by written notice to Buyer. Buyer shall have ten (10) days after the earlier of (i) such disclosure; or (ii) Buyer's independent discovery that such representation or warranty has become untrue, to elect, in its sole and absolute discretion, and as its sole remedy, by written notice to Seller within said ten (10) day period, whether (i) to purchase the Property or (ii) terminate this Agreement. If Buyer elects to terminate this Agreement pursuant to this Paragraph 5.2, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate this Agreement and all sums and documents deposited in Escrow shall be returned to the parties who deposited the same. If Buyer fails to notify Seller and Escrow Holder of its election to terminate this Agreement within said ten (10) day time period provided above, Buyer shall be deemed to have accepted the modified representations and warranties and elected to purchase the Property.

5.3 Other than those express representations and warranties contained in this Agreement, Seller makes no warranty or representation, express or implied, including but not limited to, implied warranties or merchantability and fitness for a particular purpose.

5.4 Except to the extent Seller has made a specific representation and warranty with respect thereto, no document or information provided by Seller to Buyer shall constitute a representation as to the completeness or accuracy of such documents or information.

6. REPRESENTATION AND WARRANTIES BY BUYER.

6.1 Buyer makes the following representation and warranties in this Paragraph 6, each and all of which shall survive any and all inquiries and investigations made by Seller and shall survive the Close of Escrow and recordation of the Grant Deed.

6.1.1 Each and all of the information and any financial statement delivered by Buyer to Seller is true and correct.

6.1.2 Buyer has neither engaged nor dealt with any broker or finder in connection with the sale contemplated by this Agreement.

6.1.3 Buyer has or will make its own investigation concerning the physical condition of the Property, condition of title or any other matter pertaining to the Property; and, other than specific representations and warranties made by Seller pursuant to this Agreement. Buyer is not relying on any representations, warranties or inducements of Seller with respect to the physical condition of the Property, condition of title to the Property, or any other matter pertaining to the Property, as the property is being offered "as is." Accordingly, except for those specific representations and warranties of Seller set forth in this Agreement. Buyer is purchasing the Property and each and every aspect thereof in an "as is" condition, and Seller makes no express or implied representation concerning (i) the status of title to the Property; (ii) the current or future real estate tax liability, assessment or valuation of the Property; (iii) the compliance of the Property in its current or future state with applicable laws or any violations thereof, including without limitation, those relating to access for the handicapped, environmental or zoning matters, or the ability to obtain a change in the zoning of the Property; (iv) the nature and extent of any right-of-way, lease, lien, encumbrance, license or reservation; (v) excepting any financing provided by Seller, the availability of any financing for the purchase, alteration or operation of the Property from any source, including, without limitation, any governmental authority or lender.

7. INDEMNIFICATION.

7.1 Subject to any other provisions of this Agreement to the contrary, each party ("Indemnitor") agrees to indemnify and hold the other party ("Indemnitee") harmless from and against any claim, loss, damage or expense, including any reasonable attorney fees (including attorney fees on appeal), asserted against or suffered by the Indemnitee resulting from:

(a) Any breach by the Indemnitor of this Agreement;

(b) The inaccuracy or breach of any of the representations, warranties or covenants made by the Indemnitor.

7.2 Indemnitee shall submit any claim for indemnification under this Agreement to Indemnitor in writing within a reasonable time after Indemnitee determines that an event has occurred which has given rise to a right of indemnification under this Paragraph 7 and shall give Indemnitor a reasonable opportunity to investigate and cure any default of Indemnitor under this Agreement and eliminate or remove any claim by a third party. Notwithstanding the foregoing, if the nature of Indemnitor's default or the third party claim is such that it would be impractical or unreasonable to give Indemnitor an opportunity to investigate and cure such default and remove such a claim, Indemnitee need not give Indemnitor such opportunity.

7.3 If such claim for indemnification relates to a claim or demand presented in writing by a third party against Indemnitee, Indemnitor shall have the right to employ counsel reasonable acceptable to Indemnitee to defend any such claim or demand and Indemnitee shall make available to Indemnitee, or its representatives, all records and other materials in its possession or under its control reasonably required by Indemnitor for its use in contesting such liability. If Indemnitor does not elect to defend any such claim or demand, Indemnitee may do so at its option, but shall not have any obligation to do so.

8. ASSUMPTION OF LIABILITIES.

8.1 Effective as of the Close of Escrow, Buyer shall be deemed to have assumed all obligations and liabilities of Seller pertaining to the Property, except all obligations and liabilities with respect thereto which arise prior to the Close of Escrow or which arise as a result of events which occur prior to the Close of Escrow. Except for the foregoing assumption of obligations and liabilities by Buyer, Buyer does not assume and shall not be liable for any of the obligations or liabilities of Seller of any kind or nature affecting or otherwise relating to Seller, the Property, the Leases, the Other Contracts, or otherwise.

8.2 Seller shall, prior to the Close of Escrow, timely perform and discharge all obligations and liabilities of every kind whatsoever to be discharged prior to the Close of Escrow and arising from or relating to (i) the Property, including, but not limited to the use and ownership of the Property; and (ii) the operation of the Property.

9. LIQUIDATED DAMAGES.

IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTYAS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER, IT IS AGREED THAT THE DEPOSITS ACTUALLY MADE PURSUANT TO THIS AGREEMENT SHALL BE NON-REFUNDABLE AND SELLER SHALL BE ENTITLED TO SUCH DEPOSITS WHICH AMOUNTS SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT

CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 *ET SEQ*. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES SELLER WOULD SUFFER UPON BUYER'S FAILURE TO COMPLETE ITS PURCHASE OF THE PROPERTY. BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH 10, BUYER AND SELLER AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

BUYER: _____ **SELLER:** LS/LS

10. MEDIATION OF DISPUTES.

IF ANY CLAIM OR DISPUTE ARISES UNDER THIS AGREEMENT, THEN THE PARTIES SHALL, BEFORE THE FILING OF ANY LAW SUIT, FIRST ATTEMPT IN GOOD FAITH TO RESOLVE THE DISPUTE THROUGH MEDIATION BY A MEDIATOR AGREEABLE TO THE PARTIES. IF THE PARTIES CANNOT AGREE UPON A MEDIATOR, THEN THEY SHALL APPLY TO THE JUDICIAL ARBITRATION AND MEDIATION SERVICE OR SOME SIMILAR ENTITY FOR THE APPOINTMENT OF A MEDIATOR TO CONDUCT THE MEDIATION.

BUYER: _____ **SELLER:** LS/LS

11. ESCROW AND CLOSING.

11.1 As soon as possible after the full execution of this Agreement, Buyer and Seller shall open an escrow for the purpose of consummating the purchase and sale contemplated by this Agreement ("Escrow") by depositing an executed copy of this Agreement with Placer Title, 1981 North Broadway, Walnut Creek, 94596 California ("Escrow Holder"). This Agreement shall constitute escrow instructions to Escrow Holder. Seller and Buyer shall, promptly upon request by Escrow Holder, execute such additional escrow instructions as may be reasonably required by Escrow Holder, including Escrow Holder's standard printed conditions and stipulations with respect to escrows concerning the purchase and sale of real property; provided, however, that if there is any conflict between the provisions of this Agreement and the provisions of any such additional instructions, the provisions of this Agreement shall prevail. Upon delivery to Escrow of a fully executed copy of this Agreement by both parties, Escrow shall be deemed opened on the terms and conditions set forth in this Agreement.

11.2 Escrow shall close, and the Grant Deed shall be recorded in the Office of the County Recorder of Contra Costa County, California, within sixty (60) days of the approval of this Agreement ("Close of Escrow").

11.3 Within the time set forth below, or if none is specified, prior to the Close of Escrow, Seller shall deliver to Escrow Holder, or if so indicated, to Buyer, the following documents and items:

(a) At least one (1) day prior to the Close of Escrow, the duly executed and acknowledged Grant Deed.

(b) To Buyer, at the location of the Property, at Close of Escrow, all keys to the Property, adequately and properly labeled.

(c) To Buyer, within five (5) business days after the approval of this agreement, the prior May 13, 2008 termite and pest control reports prepared by a California licensed pest exterminator showing accessible areas of the Improvements to be free of visible infestation caused by wood destroying insects, fungi and dry rot. The reports identify those areas where infestation or infection were evident (i.e., Section 1) and those areas where conditions are likely to lead to infestation or infection (i.e., Section 2). The Buyer is responsible for work recommended to correct the Section 2 conditions listed in the reports, if such work is requested by the Buyer. The Buyer is responsible for any additional work identified in any subsequent termite and pest control reports prepared by a California licensed pest exterminator as part of this escrow.

(d) To Buyer, a twelve (12) month home warranty policy which is fully paid and provides coverage of major built-in appliances.

11.4 Buyer shall deliver to Escrow Holder prior to the Close of Escrow a sum sufficient to cover Buyer's closing costs as set forth in Paragraph 11.7.2, below.

11.5 On the Close of Escrow, the Escrow Holder shall record the Grant Deed and shall deliver the monies and instruments to which each party is entitled pursuant to this Agreement, only when the Title Company is in a position to issue its CLTA (or, if applicable, ALTA) policy of title insurance subject only (i) to the Permitted Exceptions; and (ii) Title Company's standard pre-printed exceptions, with liability in the amount of the purchase price, showing title to the Property vested in Buyer ("Title Policy").

11.6 Upon Close of Escrow, possession of the Property shall be delivered to Buyer subject to the Permitted Exceptions and the following items, documents and monies shall be delivered to the parties by Escrow Holder as set forth below:

(a) To Seller: the cash portion of the Purchase Price as set forth in Paragraph 2 as adjusted pursuant to this Agreement and reduced by the amount of Seller's closing costs as set forth in paragraph 11.7.1, below; the executed Resale Restriction Agreement and Option to Purchase; and the executed deed of trust and promissory note in favor of the Seller.

(b) To Buyer: the Title Policy, and copies of the Resale Restriction Agreement and Option to Purchase, deed of trusts, and promissory notes.

11.7 Upon Close of Escrow, Escrow and title charges shall be paid in the manner provided below.

11.7.1 Seller shall:

(a) Pay all County documentary transfer taxes.

(b) One-half of the expense of all usual and customary Escrow Fees.

(c) Provide a twelve (12) month home warranty policy from the date of the Close of Escrow.

(d) Provide a current Pest Report and repair any damages identified in the report.

(e) Repair (cure) any health and safety related deficiencies noted in the Buyer paid Home Inspection Report.

11.7.2 Buyer shall pay:

(a) The cost of the Title Policy.

(b) All recording fees.

(c) One-half of the expense of all usual and customary Escrow Fees.

(d) All costs, fees, or expenses associated with Buyer's procurement and placement of any lending or financing to purchase title.

(e) The cost of a Home Inspection Report.

11.8 If Escrow fails to close as a result of the default of this Agreement by a party, the defaulting party shall pay all title and escrow charges; provided, however, that nothing in this Paragraph 11 shall be deemed to limit, and the provisions of this Paragraph 11 shall be in addition to, all other rights and remedied of the non-defaulting party.

11.9 Escrow Holder is authorized and instructed to debit Seller for Seller's closing costs as set forth in Paragraph 11.7.1, above.

12. PRORATIONS.

12.1 Prorations shall be made as of the Close of Escrow. All prorations shall be made on the basis of a thirty (30) day month and shall be paid in cash to Seller if it is entitled thereto, or shall be credited against the case portion of the Purchase Price if Buyer is entitled thereto. Such prorations shall be made by Escrow Holder on the basis of a statement(s) approved by Buyer and Seller and deposited into the Escrow prior to the Close of Escrow. The date used for prorations is hereinafter referred to as the "Proration Date".

(a) All real estate taxes and all personal property taxes due and owing as of the Proration Date, and all penalties and interest thereon, shall be paid by Seller. Current real estate taxes, special assessments and personal property taxes which are not yet due and owing shall be prorated based upon the most recent tax bill, so that the portion of current taxes allocable to the period from the beginning of such tax year through the Proration Date shall be charged to and paid by Seller and the portion of the current taxes allocable to the portion of such tax year from the Proration Date to the end of such tax year shall be charged to and paid by Buyer. Proration of taxes and assessments shall be final as of the Proration Date, regardless of the amount of taxes or assessments that actually are, or subsequently become, due.

(b) Expenses of operating the Property (other than insurance premiums, taxes and utility charges) which were prepaid by Seller for a period beyond the Proration Date.

12.2 Buyer shall be responsible for obtaining and paying for utility services from and after Close of Escrow.

13. DAMAGE OR DESTRUCTION PRIOR TO CLOSE OF ESCROW.

If the Property, or any portion thereof, is damaged or destroyed prior to the Close of Escrow from any cause whatsoever, whether an insured risk or not, including but not limited to, fire, flood, accident or other casualty which, according to the Buyer's and Seller's best estimate, would cost more than Five Thousand Dollars ($5,000.00) to repair, Buyer shall have the option, upon written notice to Seller, to either (i) terminate this Agreement, or (ii) purchase the Property. If Buyer elects to terminate this Agreement, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate and Escrow Holder shall thereupon promptly return all documents, items and monies in its possession to the party who shall have deposited same with Escrow Holder. If Buyer elects to purchase the Property, Buyer shall be entitled to, and Seller shall assign to Buyer, all insurance proceeds covering such damage or destruction and, in addition, Seller shall pay Buyer the amount of any deductible (which can be paid by Seller by means of a credit against the Purchase Price). In the event that Buyer's and Seller's best estimate of the cost of repair is Five Thousand Dollars ($5,000.00) or less, Buyer shall purchase the Property and be entitled to, and Seller shall assign to Buyer, all insurance proceeds covering such damage or destruction. In addition, the difference between the amount of insurance proceeds available and the cost of repair shall be deducted from the case portion of the Purchase Price. Should any damage or destruction occur prior to the Close of Escrow, the date scheduled for the Close of Escrow shall be extended for a period of time not to exceed thirty (30) days, for the purpose of allowing Buyer and Seller sufficient time to estimate the cost of repair. If Buyer fails to notify Seller of its election under this Paragraph 15, Buyer shall be deemed to have elected to purchase the Property.

14. SURVIVAL OF CLOSE OF ESCROW.

All representations, warranties, covenants, conditions, agreements and obligations contained in or relating to this Agreement shall survive the Close of Escrow and the recordation of the Grant Deed and shall not merge therein unless specifically stated otherwise in this Agreement.

15. NOTICES.

All notices to be given pursuant to this Agreement shall be either (i) personally delivered; (ii) sent via certified or registered mail, postage prepaid; (iii) overnight courier (such as Federal Express, DHL, etc.); or (iv) by fax transmittal. If sent via certified or registered mail, receipt shall be deemed effective forty-eight (48) hours after being deposited in the United States mail. If sent via fax transmission, a confirming copy shall be sent to the sender, and receipt of the fax transmittal shall be deemed made twenty-four (24) hours after the sending thereof. If sent via overnight courier, receipt shall be deemed effective twenty-four (24) hours after the sending thereof. All notice to be given pursuant to this Agreement shall be given to the parties at the following respective address.

To Seller:
Kenneth F. Smith, Jr. &
De Lora (Lori) Smith
250 Stranahan Circle
Clayton, CA 94517

To Buyer:
Executive Director
Clayton Redevelopment Agency
6000 Heritage Trail
Clayton, CA 94517
Fax 925/672-4917

To Escrow Holder: Kathy Warner
Branch Manager/Escrow Officer
Placer Title
1981 North Broadway, #100
Walnut Creek, CA 94596
Fax 925/939-9206

16. ENTIRE AGREEMENT.

This Agreement, and the Exhibits attached hereto, represent the entire Agreement between the parties in connection with the transactions contemplated hereby and the subject matter hereof and this Agreement supersedes and replaces any and all prior and contemporaneous agreements, understandings and communications between the parties, whether oral or written, with regard to the subject matter hereof. There are no oral or written agreements, representations or inducements or any kind existing between the parties relating to this transaction which are not expressly set forth herein. This Agreement may not be modified except by a written agreement signed by both Buyer and Seller. Without limiting the foregoing, Buyer and Seller expressly acknowledge and agree that they have not relied on any written or oral statements made by the other party's representative(s) in entering into this Agreement.

17. BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, administrators, successors in interest and assigns. Buyer may not assign this agreement and any rights thereunder without the express written consent of Seller.

18. WAIVER.

No waiver by any party at any time of any breach of any provision of this Agreement shall be deemed a waiver or a breach of any other provision herein or a consent to any subsequent breach of the same or another provision. If any action by any party shall require the consent or approval of another party, such consent or approval of such action on any one occasion shall not be deemed a consent to or approval of such action on any subsequent occasion or a consent to or approval of any other action.

19. CAPTIONS AND HEADINGS.

The captions and paragraph numbers appearing in this Agreement are inserted only as a matter of convenience and do not define, limit, construe, or describe the scope or intent of this Agreement.

20. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute one and the same instrument.

21. GOVERNING LAW.

This Agreement has been prepared, negotiated and executed in, and shall be construed in accordance with, the laws of the State of California. Any action or proceeding relating to or arising out of this Agreement shall be filed, if a State action, in the Superior Court of the State of California for the County of Contra Costa, or if a Federal action, in the United States District Court for the Northern District of California.

22. ATTORNEYS FEES.

If either party named herein brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action (or proceeding), on trial or appeal, shall be entitled to its reasonable attorneys' fees and costs, including costs of experts and consultants, to be paid by the party not prevailing as fixed by the Court (or if applicable, the arbitrator).

23. TIME OF ESSENCE.

Time is of the essence with respect to all matters contained in this Agreement.

24. DATE OF AGREEMENT.

All references in this Agreement to "the date of this Agreement" or "the date hereof" shall be deemed to refer to the date set forth in the first paragraph of this Agreement.

25. INVALIDITY OF ANY PROVISION.

If any provision (or any portion of any provision) of this Agreement is held by a court of competent jurisdiction or, if applicable to the Agreement, "by an arbitrator" to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, the legality, validity and enforceability of the remaining provisions (of the balance of each provision) shall not be affected thereby.

26. NO RECORDATION.

Buyer shall not record this Agreement, any memorandum of this Agreement, any assignment of this Agreement, or any other document that would cause a cloud on the title of the Property.

27. DRAFTING OF AGREEMENT.

Buyer and Seller acknowledge that this Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and that this Agreement has been drafted by both parties and no one party shall be construed as the draftsperson.

28. NO THIRD PARTY BENEFICIARY RIGHTS.

This Agreement is entered into for the sole benefit of Buyer and Seller, No other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

29. INCORPORATION OF EXHIBITS.

Each and all of the exhibits attached to this Agreement are incorporated herein as if set forth in full in this Agreement.

30. NO JOINT VENTURE, PARTNERSHIP OR OTHER RELATIONSHIP CREATED.

The relationship between Buyer and Seller is that solely of a seller and buyer and no joint venture, partnership or other relationship is created or implied by this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the first paragraph of this Agreement.

"SELLER"

Kenneth F. Smith, Jr.

"SELLER"

De Lora Smith

"BUYER"

Gary A. Napper, Executive Director
Clayton Redevelopment Agency

comdev/affordable hsg/smith/purchase agreement

Exhibit "A"
Legal Description of Land

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF CONTRA COSTA, CITY OF CLAYTON, AND IS DESCRIBED AS FOLLOWS:

Lot 37, as shown on Subdivision 7887, filed December 20, 1994, in Book 377 of Maps, at Pages 1 through 9, Contra Costa County Records.

APN: 119-620-037-0

Attachment 3

27

RECORDING REQUESTED PURSUANT TO GOVERNMENT CODE SECTION 27383

When Recorded Mail To:

Clayton Redevelopment Agency
1007 Oak Street
Clayton, CA 94517
Attn: _____

DEC 10 1996

96 229522

RECORDED AT REQUEST OF
FINANCIAL TITLE COMPANY

DEC 10 1996

AT 8 O'CLOCK M.
CONTRA COSTA COUNTY RECORDS
STEPHEN L. WEIR
COUNTY RECORDER

FEE $

RESALE RESTRICTION AGREEMENT AND OPTION TO PURCHASE

Owner: Kenneth F. Smith, Jr.

Residence: 272 Stranahan Circle
Clayton, CA 94517

This Resale Restriction Agreement and Option to Purchase (the "Agreement") is entered into as of this 2nd day of December, 1996, by and between the Redevelopment Agency of the City of Clayton (the "Agency") and Kenneth F. Smith, Jr., a single man (the "Owner").

RECITALS

A. The Agency has determined that it would be desirable to stimulate the purchase of homes by moderate income homebuyers (the "Homes"); and

B. In order to further its plan to assist in the purchase of homes by moderate income households, the Agency has developed

a second mortgage program (the "Moderate Income Homebuyer Program" designed to assist qualified purchasers (defined as those households with a combined income between one hundred percent and one hundred twenty percent of Median Income adjusted for actual household size) by financing the gap between the market rate purchase price of the home and the amount affordable to moderate income households;

C. The Homes will be financed by one or more fully amortized loans from conventional mortgage lenders to each of the qualified purchasers (the "Lenders") which will be secured by a deed(s) of trust recorded on the homes;

D. The financing of the Homes will also be assisted by the Agency which is providing a deferred loan towards the purchase of each home;

E. The Agency wishes to establish resale controls to protect its financial interest in the residences and to provide for the continued availability of the residences to moderate income households; and

F. The Owner has qualified for Agency financing under the Moderate Income Homebuyer Program with the Owner's combined household income at or below one hundred twenty percent (120%) of Median Income, adjusted for actual household size (the "Owner's Income Level");

G. In order to protect its financial interest and its program of providing housing for moderate income households, the

Agency has required the Owner to execute a promissory note ("Note") in its favor in addition to this Agreement;

H. This Agreement and the Note shall be secured by a deed of trust in a second lien position (the "Deed of Trust") subordinate to the lien of that certain deed of trust dated November 27, 1996, executed by the Owner in favor of Norwest Mortgage, Inc., as beneficiary (the "First Lender"), and recorded in the County of Contra Costa on 12-10, 1996, and assigned Recorder's Serial No. 96-229579 (the "First Lender's Deed of Trust"), securing a loan made by the First Lender to the Owner (the "First Lender's Loan"), and is likewise subordinate to any deed of trust or mortgage made by or held by an institutional lender or investor which is given in connection with any refinancing of the First Lender's Loan, provided the loan amount of such refinancing does not exceed the then outstanding balance (plus refinancing and closing costs) of the existing senior loan; and

I. The purpose of this Agreement is to place resale controls on the residence, provide eligibility requirements for subsequent purchasers, and reserve to the Agency an option to purchase the residence.

NOW, THEREFORE, in consideration of the benefits received by the Owner and the Agency, the Owner and the Agency agree, as follows:

1. DEFINITIONS

The following terms are specially defined for this Agreement and their definitions can be found in the sections indicated below:

A. "Agency" - First sentence of the Agreement on page 1

B. "Agreement" - First sentence of the Agreement on page 1

C. "CHFA" - Section 21

D. "Deed of Trust" - Recital H

E. "Eligible Purchaser" - Section 12B

F. "Eligible Transfer" - Section 12A

G. "Fair Market Value" - Section 8

H. "First Lender" - Recital H

I. "First Lender's Deed of Trust" - Recital H

J. "First Lender's Loan" - Recital H

K. "FNMA" - Section 21

L. "Homes" - Recital A

M. "HUD" - Section 13A

N. "Increased Base Price" - Section 13A

O. "Lenders" - Recital C

P. "Median Income" - Section 13A

Q. "Moderate Income Homebuyer Program" - Recital B

R. "Note" - Recital G

S. "Option" - Section 7

T. "Owner" - First sentence of the Agreement on Page 1

U. "Owner's Income Level" - Recital F

V. "Proposed Purchaser" - Section 11

W. "Residence" - Section 2

X. "Sales Price" - Section 13

Y. "Sellable Condition" - Section 13B

Z. "Transfer" - Section 5

AA. "VA" - Section 21

2. DESCRIPTION OF PROPERTY

This Agreement concerns the real property commonly known as 272 Stranahan Circle, Clayton, California 94517, which is more fully described in Exhibit A attached hereto and incorporated herein by reference (the "Residence").

3. OWNER CERTIFICATIONS

The Owner certifies that (a) the financial and other information previously provided in order to qualify to purchase the Residence is true and correct as of the date first written above, and (b) the Owner shall occupy the Residence as the Owner's principal place of residence. The Owner shall be considered as occupying the Residence if the Owner is living in the unit for at least ten (10) months out of each calendar year. The Agency may grant a temporary waiver of this occupancy requirement for good cause in its sole discretion. If the Owner holds previously-owned residential property, Exhibit B has been attached hereto and is hereby incorporated herein, pursuant to which Owner makes certain agreements regarding the sale of such previously-owned residential property.

4. LEASING OF RESIDENCE

The Owner shall not lease the Residence for more than two (2) months without the written consent of the Agency during any twelve (12) month period and shall not lease the Residence without providing the Agency with a copy of the lease. Any lease in violation of this Agreement is prohibited.

5. SALE RESTRICTIONS

Any Transfer of the Residence will be subject to the provisions of this Agreement. "Transfer" means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Residence, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest (other than a lease permitted pursuant to Section 4 above), or an interest evidenced by a land contract by which possession of the Residence is transferred and Owner retains title. Any Transfer without satisfaction of the provisions of this Agreement is prohibited. Transfers to a previously qualified co-owner by gift, devise or inheritance or to a surviving spouse, shall not be considered a Transfer for the purposes of this Agreement.

6. NOTICE OF INTENDED TRANSFER

In the event the Owner intends to Transfer or vacate the Residence, the Owner shall promptly notify the Agency in writing of such intent. The written notice shall be given in accordance with Section 25 of this Agreement at least ninety (90) days prior

to the actual date of the Transfer or vacation of the Residence. Said notice from the Owner shall be sent by certified mail, return receipt requested. Following receipt of such notice, the Agency may notify prospective eligible purchasers of the Residence that the Residence is available for purchase, or the Agency may purchase the Residence.

7. AGENCY PURCHASE OPTION

The Owner agrees that the Agency shall have the option to purchase the Residence (the "Option") for an amount equal to the lesser of the Fair Market Value of the Residence or the offered sales price in the manner set forth in this Agreement. If the Agency decides to exercise its Option to purchase the Residence, it shall, within thirty (30) days of receipt of the notice specified in Section 6 above, notify the Owner in accordance with Section 25 of this Agreement that it chooses to exercise the Option. If the Agency exercises the option to purchase, it shall purchase the Residence within ninety (90) days of the date it receives the notice specified in Section 6 above at the Sales Price calculated pursuant to the formula set out in Section 10. The Agency may, instead of purchasing the Residence itself, assign its right to purchase the Residence to a person who meets the criteria established by the Agency or to a governmental agency or nonprofit organization which is devoted to developing affordable housing.

8. FAIR MARKET VALUE

If it is necessary to determine the fair market value of the Residence (the "Fair Market Value"), it shall be determined by a real estate appraiser. The appraisal shall be made by an independent residential appraiser selected by the Owner, from a list of appraisers provided by the Agency. Each appraiser on the Agency's list shall have been previously approved by the Federal National Mortgage Association or the Federal Housing Administration and placed on their list of approved single family housing appraisers. If possible, the appraisal shall be based upon the sales prices of comparable properties sold in the market area during the preceding three-month period. The cost of the appraisal shall be shared equally by the Agency and the Owner. In the event that the Owner has made capital improvements to the Residence which have increased the value of the Residence or if damage or deferred maintenance has occurred while the Owner owned the Residence which has decreased the value of the Residence, the appraisal shall specifically ascribe a value to these adjustment factors and state what the fair market value of the Residence would be without such adjustments. Nothing in this section shall preclude the Owner and the Agency from establishing the Fair Market Value of the Residence by mutual agreement in lieu of an appraisal pursuant to this section.

9. REPAYMENT OF AGENCY NOTE UPON TRANSFER BY OWNER

If the Agency exercises its Option to purchase the Residence, the outstanding amount of principal and interest due under the Note shall be paid to the Agency in the form of a credit against the purchase price to be paid by the Agency to the Owner. If a Transfer of the Residence occurs and the Agency elects not to exercise its Option to purchase the Residence, the Owner shall pay all principal and interest due under the Agency Note. Thereafter, this Agreement shall terminate and have no further effect.

10. OWNER'S REQUEST TO FORGIVE NOTE

At the Owner's request, the Agency will forgive repayment by the Owner of the principal and interest on the Note if the Owner transfers the Residence to an Eligible Purchaser in a transaction that meets the Eligible Transfer requirements of Section 12, and the Owner assigns to the Eligible Purchaser and the Eligible Purchaser assumes from the Owner all obligations existing under the Note and Resale Agreement. The Agency will forgive the principal and interest on the Note only after the execution of a new note and new resale restriction agreement by the Eligible Purchaser pursuant to Section 12. Any forgiveness extended by the Agency to the Owner pursuant to this Section shall apply only to the Owner and only to the particular Transfer transaction relating to such Eligible Purchaser, and shall not automatically apply to any subsequent owner.

11. TRANSFER BY OWNER

In the event the Agency does not exercise its option to purchase pursuant to Section 7 above, the Owner may sell the Residence to a person of the Owner's choosing (the "Proposed Purchaser") on the terms set forth in this Section.

A. TRANSFER TO INELIGIBLE PURCHASERS: If the Owner Transfers the Residence in a transaction that does not meet the Eligible Transfer requirements of Section 12 below, the Owner shall first pay (i) all of the principal and interest due to the First Lender, and (ii) to the Agency all principal and interest on the Note. The maximum amount that the Owner may receive for the Transfer shall be limited by the maximum Sales Price as defined in Section 13. Thereafter this Agreement shall terminate and have no further effect.

B. TRANSFER TO ELIGIBLE PURCHASER: If the Owner Transfers the Residence in a transaction that meets the Eligible Transfer requirements of Section 12, the Agency shall waive payment on the Note owed it by the Owner. Such waiver however shall be only for that specific transaction and the obligation for the Note payments shall be assumed by the Eligible Purchaser pursuant to Section 12A. v. and vi. The maximum amount that the Owner may receive for the Transfer shall be limited by the maximum Sales Price as defined in Section 13.

12. ELIGIBLE TRANSFER

A Transfer that meets the requirements set forth in this Section shall qualify as an approved Transfer to an Eligible Purchaser ("Eligible Transfer"):

A. DISCLOSURES AND SUBMITTALS: the Owner and the Proposed Purchaser shall provide the following information to Agency:

i. The name, address and telephone number in writing of the Proposed Purchaser.

ii. A signed financial statement of the Proposed Purchaser in a form acceptable to the Agency and any other supporting documentation requested by the Agency. The financial information shall be used by the Agency to determine the income eligibility of the Proposed Purchaser.

iii. The proposed sales contract and all other related documents which shall set forth the terms of the sale of the Residence. Said documents shall include the following terms:

(a) The sales price; and

(b) The price to be paid by the Proposed Purchaser for the Owner's personal property, if any, and for the services of the Owner, if any.

iv. A written certification, from the Owner and the Proposed Purchaser in a form acceptable to the Agency that the sale shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by the Agency. The certification shall also provide that the Proposed Purchaser or any other party has not paid and will not pay to the Owner, and the Owner has not received and will not receive from the Proposed Purchaser or any other party, money or other consideration in addition to what is set forth in the sales contract and documents submitted to the Agency including personal property. The written certification shall also include a provision that in the event a Transfer is made in violation of the terms of this Agreement or false or misleading statements are made in any documents or certification submitted to the Agency, the Agency shall have the right to file an action at law or in equity to make the parties terminate and/or rescind the sale contract and/or declare the sale void, notwithstanding the fact that the sale may have closed and become final as between the Owner and the Proposed Purchaser. In any event, any costs, liabilities

amount plus accrued interest owed the Agency by the Owner under the Note.

vii. Upon the close of the proposed sale, certified copies of the recorded deed of trust, a copy of the recorded resale restriction agreement and option to purchase, a copy of the final sales contract, settlement statement, escrow instructions, and any other document which the Agency may reasonably request.

B. ELIGIBILITY OF PURCHASER: A purchaser who meets the following requirements shall be an Eligible Purchaser:

i. Each purchaser shall certify that he or she will occupy the Residence as his or her principal residence.

ii. The combined income for all household members of the purchaser shall not exceed the Owner's Income Level.

13. DETERMINATION OF SALES PRICE

The maximum sales price (the "Sales Price") that the Owner shall receive for any type of Transfer of the Residence during the first ten (10) years of the term of this Agreement (the "Initial Term") shall be the Increased Base Price (as adjusted) plus the amount of the Note and the accrued interest, or the Fair Market Value, whichever is less. Following expiration of the Initial Term, and for the remaining term of this Agreement

thereafter, the Sales Price shall be the Fair Market Value, determined in accordance with Section 8 above.

A. INCREASED BASE PRICE: The Increased Base Price of the Residence means the original principal amount of the First Lender's Loan to the Owner, of ONE HUNDRED SIXTY-NINE THOUSAND ONE HUNDRED FIFTY AND NO/100 ($169,150.00) ////////(($/////)), and the original amount or value of the Owner's down payment, increased by the percentage of increase in the Median Income. The increase shall be computed from the date of the original purchase of the Residence by the Owner to the date of receipt of notice to sell by the Agency or its assignee required by Section 6. "Median Income" shall refer to the median yearly income, adjusted for a household size of four, in the Oakland Primary Metropolitan Statistical Area as published by the United States Department of Housing and Urban Development ("HUD"), or, in the event such income determination is no longer published by HUD, or has not been updated for a period of at least eighteen (18) months, the Agency may use or develop such other reasonable method as it may choose in order to determine the median yearly income in Contra Costa County.

B. ADJUSTED INCREASED BASE PRICE: The Increased Base Price shall also be increased by the value of any

substantial structural or permanent fixed improvements which cannot be removed without substantial damage to the Residence or substantial or total loss of value of said improvements. No such adjustment shall be made except for improvements: i) made or installed by the Owner; and ii) for which a building permit has been received or the Agency has otherwise approved the improvement. The value of such improvements by which the Sales Price shall be adjusted shall be the appraised market value of the improvements when considered as additions or fixtures to the Residence (i.e., the amount by which said improvements enhance the market value of the Residence at the time of sale.) The adjustment to the Increased Base Price for such improvements shall be limited to increase in value to the Residence as a result of the improvements and not the cost of construction of the improvements to the Residence. The Increased Base Price shall be decreased by an amount necessary to repair any violations of applicable building, plumbing, electric, fire or housing codes or any other provisions of the Contra Costa County Building Code, as well as any other repairs needed to put the Residence into a "sellable condition." Items necessary to put a Residence into sellable condition shall be determined by the Agency,

and may include cleaning, painting and making needed structural, mechanical, electrical, plumbing and fixed appliance repairs and other deferred maintenance repairs.

14. DEFAULTS AND REMEDIES

Upon a violation of any of the provisions of this Agreement by the Owner or the Proposed Purchaser, the Agency may give written notice to the Owner specifying the nature of the violation. If the violation is not corrected to the satisfaction of the Agency within a reasonable period of time, not longer than thirty (30) days after the date the notice is mailed, or within such further time as the Agency determines is necessary to correct the violation, the Agency may declare a default under this Agreement. Upon the declaration of a default or if the Owner or the Proposed Purchaser makes any misrepresentation in connection with receiving any benefits under this Agreement, the Agency may: (a) declare all amounts due under the Note immediately due and payable without further demand and may invoke the power of sale under the Deed of Trust; (b) apply to a court of competent jurisdiction for specific performance of this Agreement, for an injunction prohibiting a proposed sale or transfer in violation of this Agreement, for a declaration that a transfer in violation of this Agreement is void, or for any such other relief at law or in equity as may be appropriate.

15. NOTICE OF DEFAULT AND FORECLOSURE

A request for notice of default and any notice of sale under any deed of trust or mortgage with power of sale encumbering the Residence shall be recorded by the Agency in the Office of the Recorder of the County of Contra Costa for the benefit of the Agency. The Agency may declare a default under this Agreement upon receipt of any notice given to the Agency pursuant to Civil Code Section 2924b, and may exercise its rights as provided in Section 14 and 16.

In the event of default and foreclosure, the Agency shall have the same right as the Owner to cure defaults and redeem the Residence prior to the foreclosure sale. Nothing herein shall be construed as creating any obligation of the Agency to cure any such default, nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage.

If the Agency failed to file the request for notice of default, the Agency's right to purchase the Residence shall commence from the date the notice of default is given by the Agency to the Owner.

16. PURCHASE OPTION UPON DEFAULT

A. PURCHASE OPTION: Notwithstanding, and in addition to, the remedies provided the Agency in Section 14, the Owner hereby grants to the Agency, the option to purchase the Residence effective thirty (30) days after

the Agency has given the Owner notice of the declaration of a default and the Owner has failed to cure the default. Said option to purchase is given in consideration of the economic benefits received by the Owner resulting from ownership of the Residence made possible by the financial assistance of the Agency in developing the Residence.

B. EXERCISE OF OPTION: The option to repurchase may be exercised upon a default under this Agreement or upon default under any promissory note, deed of trust or any other lien, including a judgment lien, recorded against the Residence. The Agency shall have thirty (30) days after a default is declared to notify the Owner and the First Lender of its decision to exercise its option to purchase. Not later than ninety (90) days after the notice is given in accordance with Section 25 below to exercise its option, the Agency shall purchase the Residence for the Sales Price set forth in Section 13.

17. NONLIABILITY OF THE AGENCY

In no event shall the Agency become in any way liable or obligated to the Owner or any successor-in-interest to the Owner by reason of its option to purchase under Sections 7 and 16 nor shall the Agency be in any way obligated or liable to the Owner or any successor-in-interest to the Owner for any failure to exercise its option to purchase.

18. RESTRICTIONS ON FORECLOSURE PROCEEDS

If a creditor acquires title to the Residence through a deed in lieu of foreclosure, a trustee's deed upon sale, or otherwise, the Owner shall not be entitled to the proceeds of sale to the extent that such proceeds otherwise payable to the Owner when added to the proceeds paid or credited to the creditor exceed the amount the Owner would have received by a sale in accordance with Section 13. The Owner shall instruct the holder of such excess proceeds to pay such proceeds to the Agency as repayment for, and in consideration of, the financial assistance provided in the development of the Residence.

19. BINDING ON SUCCESSOR AND ASSIGNS

This Agreement shall bind, and the benefit hereof shall inure to, the Owner, his or her heirs, legal representatives, executors, successors in interest and assigns, and to the Agency and its successors, until the earlier of (a) thirty (30) years from the execution of this Agreement, or (b) the date the Sales Price is paid to the Owner by the Agency, or (c) the date of a Transfer of the Residence to an Eligible Purchaser in accordance with Section 12 above.

20. SUPERIORITY OF AGREEMENT

The Owner covenants that he or she has not, and will not, execute any other agreement with provisions contradictory to or in opposition to the provisions hereof, and that, in any event, this Agreement is controlling as to the rights and obligations

between and among the Owner, the Agency and their respective successors.

21. RIGHTS OF BENEFICIARIES UNDER DEEDS OF TRUSTS

This Agreement shall not diminish or affect the rights of the Agency under the Note and the Deed of Trust executed by the Owner in favor of the Agency in connection with the purchase by the Owner of the Residence.

Notwithstanding any other provisions to the contrary in this Agreement, any assumption of any note secured by a deed of trust on the Residence other than the Note shall be subject to the approval of the holder of the assumed Note.

Notwithstanding any other provision in this Agreement to the contrary, this Agreement shall not diminish or affect the rights of the California Housing Finance Agency ("CHFA"), HUD, the Federal National Mortgage Association ("FNMA"), or the Veterans Administration ("VA") under the First Lender's Deed of Trust or any subsequent First Lender deeds of trust hereafter recorded against the Residence.

Notwithstanding any other provisions in this Agreement to the contrary, all of the provisions of this Agreement shall terminate and have no further force and effect upon the occurrence of one of the following events:

A. Title is acquired by CHFA, HUD, FNMA, VA, the First Lender or another party upon foreclosure of a deed of

trust to the First Lender or CHFA, or a deed of trust insured by HUD or guaranteed by VA.

B. Title is acquired by another party by a deed in lieu of foreclosure of the First Lender, CHFA, or FNMA deed of trust.

22. HUD FORBEARANCE RELIEF

Notwithstanding other provisions of this Agreement, the Option shall not be exercised by the Agency when a deed of trust insured by HUD is secured by the Residence, and

i. The Owner is undergoing consideration by HUD for assignment forbearance relief; or

ii. The Owner is undergoing consideration for relief under HUD's Temporary Mortgage Assistance Payment (TMAP) program.

23. INVALID PROVISIONS

If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

24. CONTROLLING LAW

The terms of this Agreement shall be interpreted under the laws of the State of California.

25. NOTICES

All notices required herein shall be sent by certified mail, return receipt requested or express delivery service with a delivery receipt and shall be deemed to be effective as of the date received or the date delivery was refused as indicated on the return receipt as follows:

To the Owner:

At the address of the Residence.

To the Agency:

Clayton Redevelopment Agency
1007 Oak Street
Clayton, CA 94517
Attn: _____

The parties may subsequently change addresses by providing written notice of the change in address to the other parties in accordance with this Section 25.

26. INTERPRETATION OF AGREEMENT

The terms of this Agreement shall be interpreted so as to avoid speculation on the Residence and to insure to the extent possible that its sales price and mortgage payment remain affordable to persons and families of moderate income.

96 229522

27. EXHIBITS

Any exhibits referred to in this Agreement are incorporated in this Agreement by such reference.

IN WITNESS WHEREOF, the parties have executed this Agreement on or as of the date first written above.

AGENCY: City of Clayton

By: Executed in counterpart

Title: Tom Steele, Executive Director
(Type Name and Title)

OWNER:

KENNETH F. SMITH JR

Kenneth F. Smith, Jr.
(Type Name)

City of Clayton

On_____before me, Frances Douglas, City Clerk for the City of Clayton, personally appeared_____ personally known to me 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. (seal)

Signature_____

27. EXHIBITS

Any exhibits referred to in this Agreement are incorporated in this Agreement by such reference.

IN WITNESS WHEREOF, the parties have executed this Agreement on or as of the date first written above.

AGENCY: City of Clayton

By: Tom Steele

Title: Tom Steele, Executive Director
(Type Name and Title)

OWNER:

Executed in counterpart

Kenneth F. Smith, Jr.
(Type Name)

State of California
County of Contra Costa

City of Clayton

On 12-3-96 before me, Frances Douglas, City Clerk for the City of Clayton, personally appeared Tom Steele personally known to me 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.

Signature Frances Douglas

(seal)

96 229522

ORDER NO: 7887037

"EXHIBIT - A"
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF CONTRA COSTA, CITY OF CLAYTON, AND IS DESCRIBED AS FOLLOWS:

LOT 37, AS SHOWN ON SUBDIVISION 7887, FILED DECEMBER 20, 1994, IN BOOK 377 OF MAPS, AT PAGES 1 THRU 9, CONTRA COSTA COUNTY RECORDS.

ASSESSOR'S PARCEL NO.: 119-620-037-0

FINANCIAL
TITLE COMPANY

96 229522

CALIFORNIA

ALL-PURPOSE

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)

COUNTY OF Contra Costa)

On December 2, 1996 (DATE) before me, K. Penick (NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"),

personally appeared, **Kenneth F. Smith, Jr.**

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

NCR1 OFFICIAL SEAL - 1057430 K. PENICK NOTARY PUBLIC - CALIF. COUNTY OF CONTRA COSTA My Comm. Exp. June 16, 1999 NCR1

_____ (SEAL)

NOTARY PUBLIC SIGNATURE

OPTIONAL INFORMATION

TITLE OR TYPE OF DOCUMENT _____

DATE OF DOCUMENT _____ NUMBER OF PAGES _____

SIGNER(S) OTHER THAN NAMED ABOVE _____

END OF DOCUMENT

Attachment 4

Uniform Residential Appraisal Report

File # CRA-Smith

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address 272 Stranahan Circle | City Clayton | State CA | Zip Code 94517
Borrower N/A | Owner of Public Record Smith, Kenneth & Delora | County Contra Costa County
Legal Description Lot 37, Tract 7887-Preliminary Title Report not provided for review.
Assessor's Parcel # (APN 119-620-037) | Tax Year 2008 | R.E. Taxes $ 3,512.98
Neighborhood Name Stranahan/Clayton | Map Reference T B 593-H7 | Census Tract 3553.04
Occupant ☐ Owner ☐ Tenant ☒ Vacant | Special Assessments $ Unk | ☒ PUD HOA $ None ☐ per year ☐ per month
Property Rights Appraised ☒ Fee Simple ☐ Leasehold ☐ Other (describe) N/A
Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☒ Other (describe) Purpose: Current estimated market value for a potential sale.
Lender/Client Clayton Redevelopment Agency | Address 6000 Heritage Trail, Clayton, CA 94517-1250 (925) 673-7343
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☒ No
Report data source(s) used, offering price(s), and date(s). Local MLS-EBRD. The subject property has not been listed for sale during the past 12 months per review of the MLS as of October 26, 2009. Two expired listings noted in the past 12-24 months.

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. The subject property is currently vacant and not under contract to sale per the Client as of October 26, 2009. Purpose of appraisal Current estimated market value for a potential sale per the terms of the CRA contract dated 5-8-1996.
Contract Price $ N/A | Date of Contract N/A | Is the property seller the owner of public record? ☐ Yes ☐ No Data Source(s) N/A
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No
If Yes, report the total dollar amount and describe the items to be paid. N/A All sales utilized reflect current market conditions and buyer attitudes. I have considered relevant competitive listings and/or contract offerings in the performance of this appraisal and in trending information reported in this section. If a trend is indicated, I have attached an addendum providing relevant purpose and function of the appraisal.

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics			One-Unit Housing Trends			One-Unit Housing		Present Land Use %	
Location	☐ Urban	☒ Suburban ☐ Rural	Property Values	☐ Increasing ☐ Stable	☒ Declining	PRICE	AGE	One-Unit	60 %
Built-Up	☐ Over 75%	☒ 25-75% ☐ Under 25%	Demand/Supply	☐ Shortage	☒ In Balance ☐ Over Supply	$ (000)	(yrs)	2-4 Unit	0 %
Growth	☐ Rapid	☒ Stable ☐ Slow	Marketing Time	☐ Under 3 mths	☒ 3-6 mths ☐ Over 6 mths	248 Low	New	Multi-Family	0 %
Neighborhood Boundaries	Conforming att./det. PUD homes in the subject's immediate to general neighborhood and specifically the subject's project and similar PUD homes in Clayton.					1+M High	60+	Commercial	10 %
						550 Pred.	25/45	Other	30 %

Neighborhood Description The subject is located in a pocket detached PUD project in Clayton. Conforming suburban neighborhood with single family detached subdivision homes, attached/detached PUD homes, retail & commercial, public schools, local and regional parks, golf course and some open space for current and future residential/retail development.
Market Conditions (including support for the above conclusions) Property values have declined 30-40% since mid 2006 with some longer marketing times, sales concessions, REO activity and some noted price reductions. Some noticeable price stability in the past 3 months with very few current sales. There has been noticeable increases in property values from 1998 through late 2005 in the subject's neighborhood along with the entire Bay Area.

SITE

Dimensions See County Plat Map | Area 3,150 Sqft | Shape Rectangular-Interior lot | View Neighborhood
Specific Zoning Classification SFR/Del. PUD | Zoning Description Detached Single Family Residential-1 unit on one site.
Zoning Compliance ☒ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe) N/A
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? ☒ Yes ☐ No If No, describe N/A

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements - Type	Public	Private
Electricity	☒	☐ None	Water	☒	☐ None	Street Asphalt	☒	☐
Gas	☒	☐ None	Sanitary Sewer	☒	☐ None	Alley None	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☒ No FEMA Flood Zone Zn X. FEMA Map # 06013C 0308F FEMA Map Date 6-16-2009
Are the utilities and off-site improvements typical for the market area? ☒ Yes ☐ No If No, describe Standard conforming detached PUD subdivision site.
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☒ No If Yes, describe
The subject site is a standard residential detached PUD subdivision site with all off-site improvements including underground tel./elect. which is typical for this neighborhood. No adverse site conditions such as easements, encroachments or adverse environmental conditions noted. The dwelling/site per review of the most recent FEMA map is in Zone X. Flood insurance is not currently required. Public street with public access.

IMPROVEMENTS

General Description		Foundation		Exterior Description		Interior	
Units	☒ One ☐ One with Accessory Unit	☒ Concrete Slab	☐ Crawl Space	Foundation Walls	Concrete-Good	Floors	Crpt/Lino/Tile-Good
# of Stories	Two	☐ Full Basement	☐ Partial Basement	Exterior Walls	Wd Siding-Good	Walls	Drywall-Good
Type	☒ Det. ☐ Att. ☐ S-Det./End Unit	Basement Area	None sq.ft.	Roof Surface	Syn. Shake-Good	Trim/Finish	Wood-Good
	☒ Existing ☐ Proposed ☐ Under Const.	Basement Finish	None %	Gutters & Downspouts	GI-Good	Bath Floor	Crpt/Lino-Good
Design (Style)	2 St. Det. PUD	☐ Outside Entry/Exit	☐ Sump Pump	Window Type	Vinyl Sliders-Good	Bath Wainscot	Tile-Good
Year Built	1995	Evidence of	☐ Infestation None Obsr	Storm Sash/Insulated	None	Car Storage	☐ None
Effective Age (Yrs)	8 Yrs.	☐ Dampness	☐ Settlement	Screens	Yes-Good	☒ Driveway	# of Cars Two
Attic	☐ None	Heating ☒ FWA	☐ HWBB ☐ Radiant	Amenities	☐ Woodstove(s) # 0	Driveway Surface	Concrete
☐ Drop Stair	☐ Stairs	☐ Other None	Fuel Gas	☒ Fireplace(s) # 1	☒ Fence Wood	☒ Garage	# of Cars Two
☐ Floor	☒ Scuttle	Cooling ☒ Central Air Conditioning		☒ Patio/Deck Sml P	☒ Porch Cov.	☐ Carport	# of Cars
☐ Finished	☐ Heated	☐ Individual N/A	☐ Other None	☐ Pool None	☐ Other	☐ Att.	☐ Det. ☒ Built-in

Appliances ☐ Refrigerator ☒ Range/Oven ☒ Dishwasher ☒ Disposal ☒ Microwave ☐ Washer/Dryer ☒ Other (describe) Hood & Fan
Finished area above grade contains: 8 Rooms 3L Bedrooms 2.5 Bath(s) 1,627 Square Feet of Gross Living Area Above Grade
Additional features (special energy efficient items, etc.). Typical energy efficient items considering the age and regional location of the subject. Typical conforming newer detached PUD subdivision home in good condition overall with no apparent repairs needed as of October 26, 2009.
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). The subject is a conforming detached PUD subdivision home built in 1995 per public records and it is assumed it was built with typical and acceptable materials that were legal at that time. The subject is in good condition based on interior & exterior inspection with some recent noted interior updating and no apparent repairs needed and no apparent deferred maintenance noted. Vacant home and all the utilities were connected/on and appeared to be functioning properly. The subject plan has a noted 2nd level loft (L) per inspection.
Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☒ No If Yes, describe
The home is in good condition overall with no apparent repairs needed and no functional or external depreciation noted. Typical physical depreciation noted do to age and condition. This appraisal assumes all section 1 items of a current termite report, if any, have been corrected. Public records indicates that the subject property is a 3 bedroom 2.5 bath plan with 1,650 sqft built in 1995.
Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☒ Yes ☐ No If No, describe
The subject was built in 1995 per County public records. The subject is a conforming detached PUD subdivision home surrounded by mostly detached subdivision homes on larger parcels, some similar det. /att. PUD homes, retail/commercial, parks and schools.

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Uniform Residential Appraisal Report

File # CRA-Smith

There are 7 comparable properties currently offered for sale in the subject neighborhood ranging in price from $ 399,000 to $ 494,900

There are 11 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ 412,000 to $ 500,000

SALES COMPARISON APPROACH

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address	272 Stranahan Circle Clayton, CA 94517/593-H7	252 Stranahan Circle Clayton, CA 94517/593-H7		228 Stranahan Circle Clayton, CA 94517/593-H7		400 Chupcan Place Clayton, CA 94517/593-H6	
Proximity to Subject		Same St./Same Project		Same St./Same Project		3/4 Mile NW./Same Area	
Sale Price	$ N/A		$ 425,000		$ 420,000		$ 437,500
Sale Price/Gross Liv. Area	$ 261.22 sq.ft.	$ 255.56 sq.ft.		$ 254.55 sq.ft.		$ 250.14 sq.ft.	
Data Source(s)		MLS/AIRD/RES-MLS#40412096		MLS/AIRD/RES-MLS#40328310		MLS/AIRD/RES-MLS#40415833	
Verification Source(s)		RES/Doc#-09-0187923-REO SI		RES/Doc#-09-0123610-Short SI.		RES/Doc#-09-0184849-REO SI.	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sales or Financing Concessions		Conv Loan Conc. Noted	0 -5,000	FHA Loan None Noted	0 0	Conv Loan None Noted	0 0
Date of Sale/Time		8-4-2009	0	5-29-2009	0	7-31-2009	0
Location	Good/Det. PUD	Good/Det. PUD	0	Good/Det. PUD	0	Good/Duet	0
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	3,150 Sqft	4,617 Sqft	0	3,571 Sqft	0	5,500 Sqft	-5,000
View	Neighborhood	Neighborhood	0	Neighborhood	0	Neighborhood	0
Design (Style)	2 St. Det. PUD	2 St. Det. PUD	0	2 St. Det. PUD	0	2 St. Att. Duet	0
Quality of Construction	Ave.-Good	Ave.-Good	0	Ave.-Good	0	Ave.-Good	0
Actual Age	14 Yrs.	14 Yrs.	0	14 Yrs.	0	20 Yrs	0
Condition	Good-Insp.	Good-MLS	0	Good-MLS	0	Good-MLS	0
Above Grade Room Count (Total / Bdrms. / Baths)	8 / 3L / 2.5	7 / 3 / 2.5	+5,000	8 / 3L / 2.5	0	8 / 3 / 2.5	+5,000
Gross Living Area	1,627 sq.ft.	1,663 sq.ft.	0	1,650 sq.ft.	0	1,749 sq.ft.	-5,000
Basement & Finished Rooms Below Grade	None DOM: N/A	None DOM: 7 Days	0	None DOM: 230 Days	0	None DOM: 11 Days	0
Functional Utility	Good	Good	0	Good	0	Good	0
Heating/Cooling	FAU/C. Air	FAU/C. Air	0	FAU/C. Air	0	FAU/C Air	0
Energy Efficient Items	Typical	Typical		Typical		Typical	
Garage/Carport	B.I. Garage-2	B.I. Garage-2	0	B.I. Garage-2	0	B.I. Garage-2	0
Porch/Patio/Deck	Patio/Porch	Patio/Porch	0	Patio/Porch	0	Patio/Porch	0
Fireplace	1 Fireplace	1 Fireplace	0	1 Fireplace	0	1 Fireplace	0
Pool	No Pool	No Pool	0	No Pool	0	No Pool	0
Landscaping	Ave. Landscape	Ave. Landscape	0	Ave. Landscape	0	Ave. Landscape	0
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☒ -	$ 5,000
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. 2.4 %	$ 425,000	Net Adj. % Gross Adj. %	$ 420,000	Net Adj. 1.1 % Gross Adj. 3.4 %	$ 432,500

I ☒ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain Contra Costa County public records and the local MLS was researched and all findings within the specified time frame has been reported in this summary appraisal report.

My research ☐ did ☒ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data Source(s) Contra Costa County public records & the local MLS.

My research ☒ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data Source(s) Contra Costa County public records & the local MLS.

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer	December 10, 1996	3-31-2009/Unk.	May 6, 2003	6-4-2009/6-24-2004
Price of Prior Sale/Transfer	Unk.-Not Reported	$410,189-REO/Unk.	$447,500	$344,400-REO/$505,000
Data Source(s)	Public Records	Public Records	Public Records/MLS	Public Records/MLS
Effective Date of Data Source(s)	Current (APN 119-620-037)	Current (APN 119-620-027)	Current (APN 119-620-015)	Current (APN 118-401-029)

Analysis of prior sale or transfer history of the subject property and comparable sales The subject property has not had a recorded sales transfer in the past 36 months as noted above. The subject property has no MLS history and it has never sold on the open market. The comparable sales have had a recorded sales transfer in the prior 12 months as noted above. Sales 1 & 3 are reported REO sales sold on the open market/MLS after foreclosure

Purpose of Appraisal: Current estimated market value of the subject property as of October 26, 2009 for a potential sale by the current owner to the CRA under a prior contract agreement dated 5-8-1996.

Summary of Sales Comparison Approach The subject property is typical and conforming for the project. The subject property is in good condition overall with some noted updating and no apparent repairs needed. All sales utilized are considered similar to the subject in quality and concept. Only detached/attached PUD homes in Clayton were considered thus current sales are very limited. All sales are similar PUD homes with typical and acceptable adjustments considered. They demonstrate similar age, location, bedroom utility, condition and/or concept. Sales utilized considered to be the best available to demonstrate an opinion of value for the subject property. The most recent and most comparable sales were utilized. Most emphasis on all sales 1 & 2-Same project. 3 of the 4 sales sold within 90 days of the effective date of this appraisal and all within 180 days. Considering the sales utilized, review of current active listings and pending sales in the subject's neighborhood, a final certification at $425,000 (rounded) is deemed reasonable and supportable. The subject is currently vacant and not under contract to sale.

Indicated Value by Sales Comparison Approach $ 425,000

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ 425,000 Cost Approach (if developed) $ 425,925 Income Approach (if developed) $ ND

Based on the above sales data, listings reviewed, pending sales reviewed, considering information obtained from local realtors and reconciled with the subject's condition and utility, the subject's most probable sale price is fairly represented at $425,000 (rounded). The income approach was not utilized do to the lack of reliable rental in the subject's market area. All sales are confirmed arms-length closed escrows

This appraisal is made ☒ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: This complete summary appraisal was completed "as is." Appraisal conditions: Current termite report and correction of all section 1 items. See all attached appraisal addendums.

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $ 425,000 , as of October 26, 2009 , which is the date of inspection and the effective date of this appraisal.

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Uniform Residential Appraisal Report

File # CRA-Smith

ADDITIONAL COMMENTS

There are very few current sales in Clayton similar to the subject property. Sales 1 & 2 are the most recent sales in the project and there are no current listings or pending sale in the subject project per review of the MLS. Only attached or detached PUD sales in Clayton were considered and most emphasis is placed on the two sales in the same project. The most recent and most comparable sales were utilized and it is noted that there is a small pool of comparable sales. All four sales are similar attached or detached PUD subdivision homes in the Clayton market area. All adjustments are considered appropriate and justified. Lot utility (over 5,000 sqft) and loft utility adjustments were considered based on market analysis. Location, concept, age and condition adjustments were not considered for the closed sales utilized based on historical paired sales and after review of the MLS listing for the sales utilized. Only sales reported on the MLS were considered. New construction sales were not considered and sales reported to be in inferior or superior condition were not considered. Adjustments were abstracted from the market place. Based on the sales utilized in this report a final certification at $425,000 with a market range between $410,000 to $440,000 is deemed reasonable and supportable considering the cost approach, listing and sale reviewed along with the sales data utilized herein. All sales are considered good comparable sales with typical noted adjustments. Only attached or detached PUD homes in the subject's immediate to general Clayton market are were considered at this time, thus adjustments had to be considered for lot utility, home utility and noted seller paid concessions. Time adjustments noted considered based on review of the current active/pending comparable sales in Clayton. An historical paired sales analysis was completed to establish a reasonable adjustment adjustments considered and the overall comparability of all sales utilized. Sales data/price verified through the MLS, property information and zoning verified through County public records and transaction date/sales price verified through Title company and/or County public records when available.

The subject property is in good condition overall with some noted updating and no apparent repairs needed as of October 26, 2009. All areas of the detached home were accessible. Interior and exterior measurements were taken. All mechanical/electrical systems appeared to be in working order at the time of inspection. The roof appears to be sound and in good condition. Photographs of the subject and the comparables were taken October 26, 2009 by the undersigned appraiser and the MLS photographs may have been utilized when deemed appropriate.

Marketing time estimates is obtained from the average days on market (DOM) as reported by the Contra Costa Association or Realtors. Some concessions and some VA/FHA loans are being offered in the Clayton market area. The subject has not been listed through the MLS during the past 12 months. Per review of the MLS the current listing to sales price ratio ranges from 90% to 110% in this section of Contra Costa County.

Note: Throughout this report the subject has been referred to as a Detached PUD. The subject is not zoned PUD nor is there a homeowners association, no dues and no common facilities. The subject is considered a detached PUD considering lot size and overall concept and historically the most comparable homes in Clayton have been detached/attached PUD homes in the Oak Hollow, Black Diamond; Chaparral Springs and the Westwood PUD projects.

There has not been a recorded sales transactions involving the subject property during the past 36 months per County public records. A preliminary title report and the termite report was not provided for review.

This appraisal meets all current FNMA and HUD/FHA appraisal guidelines. The subject property currently meets and exceeds all HUD/FHA minimum property standards. This complete summary appraisal was completed "as is." Appraisal conditions: Current termite report and correction of all section 1 items.

See all attached appraisal addendums.

COST APPROACH

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) Level PUD subdivision site with no noted adverse easements or encroachments per the County plat map. Land value developed through abstraction. The subject backs to Marsh Creek Road buffed by distance, fencing and a public sidewalk with no apparent market adversity noted based on review of similar PUD homes sales in Clayton backing to either Oakhurst Blvd or Clayton Road and single family detached homes backing to the same street.

ESTIMATED ☐ REPRODUCTION OR ☒ REPLACEMENT COST NEW	OPINION OF SITE VALUE					=$	150,000
Source of cost data Marshall & Swift/Local Builders	DWELLING	1,627	Sq.Ft. @ $	150.00		=$	244,050
Quality rating from cost service 7.0 Effective date of cost data Current			Sq.Ft. @ $			=$	
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	Porch/Patio					=$	30,000
Cost estimates developed through Marshall & Swift Cost data and from	Garage/Carport	410	Sq.Ft. @ $	50.00		=$	20,500
information from local builders and developers. The land to value ratio	Total Estimate of Cost-New					=$	294,550
utilized is typical for this section of Clayton for Det./Att. PUD homes.No	Less	Physical	Functional	External			
external or functional depreciation noted. Typical physical depreciation	Depreciation	48,625	0	0		=$(	48,625)
noted. The subject is an average to good conforming det. PUD home in	Depreciated Cost of Improvements					=$	245,925
good condition as of October 26, 2009 with no apparent repairs needed.	"As-is" Value of Site Improvements					=$	30,000
This complete summary appraisal was completed "as is."							
Estimated Remaining Economic Life (HUD and VA only) 40+ Years	INDICATED VALUE BY COST APPROACH					=$	425,925

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent $ X Gross Rent Multiplier = $ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM) The income approach was not used for this analysis and it is noted that there is a lack of reliable rental data in the subject's neighborhood. The subject property is currently vacant per observation.

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☒ No Unit type(s) ☒ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project The subject project is zoned detached PUD with no association no dues and no common facilities.

Total number of phases 1 Total number of units 54 Total number of units sold 54

Total number of units rented Unk Total number of units for sale 0 Data source(s) MLS-EBRD

Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☒ No If Yes, date of conversion.

Does the project contain any multi-dwelling units? ☐ Yes ☒ No Data Source Public Records

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion. No common elements

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☒ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities. None. The small park area is maintained by the City of Clayton.

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Uniform Residential Appraisal Report

File # CRA-Smith

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

Uniform Residential Appraisal Report

File # CRA-Smith

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

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21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name Gary Dwight Gum
Company Name GDG Appraisal Service
Company Address 752 Blocking Circle
Clayton, CA 94517
Telephone Number (925) 672-5187
Email Address gdgappraisal@cs.com
Date of Signature and Report October 29, 2009
Effective Date of Appraisal October 26, 2009
State Certification # AG007416
or State License # _____
or Other (describe) _____ State # _____
State CA
Expiration Date of Certification or License 11-14-2010

ADDRESS OF PROPERTY APPRAISED
272 Stranahan Circle
Clayton, CA 94517
APPRAISED VALUE OF SUBJECT PROPERTY $ 425,000

LENDER/CLIENT
Name David Woltering
Company Name Clayton Redevelopment Agency
Company Address 6000 Heritage Trail, Clayton, CA 94517-1250
(925) 673-7343
Email Address dwoltering@ci.clayton.ca.us

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY

☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____
☐ Did inspect interior and exterior of subject property
Date of Inspection _____

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street
☐ Did Inspect exterior of comparable sales from street
Date of Inspection _____

Form 1004 — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

Uniform Residential Appraisal Report

File # CRA-Smith

FEATURE	SUBJECT	COMPARABLE SALE #4		COMPARABLE SALE #5		COMPARABLE SALE #6	
Address	272 Stranahan Circle Clayton, CA 94517/593-H7	1349 Shell Lane Clayton, CA 94517/593-H6		1278 Shell Lane Clayton, CA 94517/593-H6			
Proximity to Subject		1/4 Mile N.E./Same Area		1/4 Mile N E /Same Area			
Sale Price	$ N/A		$ 427,500		$ 448,800		$
Sale Price/Gross Liv. Area	$ 261.22 sq.ft.	$ 250.15 sq.ft.		$ 262.61 sq.ft.		$ sq.ft.	
Data Source(s)		MLS/AIRD/RES-MLS#40417155		Pending Sale-MLS#40428133			
Verification Source(s)		RES/Doc#-09-0215729		Listed 9-6-2009 @ $459,000			
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sales or Financing Concessions		Conv. Loan None Noted	0 0	Pending Sale Unk.	0 0		
Date of Sale/Time		9-10-2009	0	10-21-2009	0		
Location	Good/Del. PUD	Good/Att. PUD	0	Good/Att. PUD	0		
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple			
Site	3,150 Sqft	3,200 Sqft	0	2,960 Sqft	0		
View	Neighborhood	Neighborhood	0	Golf Course	-20,000		
Design (Style)	2 St. Det. PUD	2 St. Att. PUD	0	2 St. Att. PUD	0		
Quality of Construction	Ave.-Good	Ave.-Good	0	Ave.-Good	0		
Actual Age	14 Yrs.	16 Yrs	0	18 Yrs.	0		
Condition	Good-Insp.	Good-MLS	0	Good-MLS	0		
Above Grade Room Count (Total / Bdrms / Baths)	8 / 3L / 2.5	7 / 3 / 3	-5,000 +5,000	7 / 3 / 3	-5,000 +5,000	/ /	
Gross Living Area	1,627 sq.ft.	1,709 sq.ft.	0	1,709 sq.ft.	0	sq.ft.	
Basement & Finished Rooms Below Grade	None DOM. N/A	None DOM. 99 Days	0	None DOM. 48 Days	0		
Functional Utility	Good	Good	0	Good	0		
Heating/Cooling	FAU/C. Air	FAU/C. Air	0	FAU/C. Air	0		
Energy Efficient Items	Typical	Typical		Typical			
Garage/Carport	B.I. Garage-2	B.I. Garage-2	0	B.I. Garage-2	0		
Porch/Patio/Deck	Patio/Porch	Patio/Porch	0	Patio/Porch	0		
Fireplace	1 Fireplace	1 Fireplace	0	1 Fireplace	0		
Pool	No Pool	No Pool	0	No Pool	0		
Landscaping	Ave. Landscape	Ave. Landscape	0	Ave Landscape	0		
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☒ -	$ 20,000	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net % Gross 2.3 %	$ 427,500	Net 4.5 % Gross 6.7 %	$ 428,800	Net % Gross %	$

SALES COMPARISON APPROACH

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE #4	COMPARABLE SALE #5	COMPARABLE SALE #6
Date of Prior Sale/Transfer	December 10, 1996	December 20, 1996	June 10, 1992	
Price of Prior Sale/Transfer	Unk.-Not Reported	Unk.-Not Reported	$260,000	
Data Source(s)	Public Records	Public Records	Public Records	
Effective Date of Data Source(s)	Current (APN 119-620-037)	Current (APN 118-410-023)	Current (APN 118-410-069)	

SALE HISTORY

Analysis of prior sale or transfer history of the subject property and comparable sales The pending sale noted above is for reference only to reflect the current generally declining market conditions. The current list price is $448,800. Attached PUD home in similar condition with a golf course view per the MLS.

See page 2 of the attached report.

ANALYSIS / COMMENTS

Analysis/Comments As noted throughout this report market conditions are considered to be generally declining. Property values have declined approximately 30-40% since mid 2006 and with a 5-10% decline in the past 12 months with some noticeable price stability in the past 3 months based on MLS research with some longer marketing times (0-6 months on average), some noted price reductions, some noted sales concessions, some REO/Short sale activity and very few current pending and closed sales with an in balance supply of active listings in all of Clayton. There is a wide variance in sale price for the few similar current PUD home sales in the subject's market area do to the current market conditions, REO sales activity and the reported condition of the individual sale. REO/Short sales were reviewed and utilized in this report do to the current market trends but it is noted that there is a lower percentage of REO/Short sales & listings in the Clayton market.

Based on the current active listings and pending sales in the subject's neighborhood, this trend may continue throughout 2009 and it must be anticipated that the subject property price range may be effected downward into the foreseeable future. There were noticeable increases in property values from 1998 through late 2005 in the subject's neighborhood along with the entire Bay Area.

Net/Gross adjustments are under 15%/25% and within the 15% spread in adjusted values for the sales utilized. Zero net adjustment for sales 1, 2 and 3 utilized do to the overall comparability of those sales.

Do to the current market conditions and the purpose of the appraisal, only the closest and most similar home sales within 90 days of the effective date of this appraisal were considered except for sale 2 which is the last reported same plan sale in the subject's project. Most emphasis on sales 1 & 2 do to the lack of similar concept detached PUD homes in all of Clayton.

This appraisal was completed for the purpose of a potential sale as of October 26, 2009 using the "Fair Market Value" guidelines which is attached to this report and it was supplied by the named Client.

This appraisal meets all current FNMA and HUD/FHA appraisal guidelines. The subject property currently meets and exceeds all HUD/FHA minimum property standards. This complete summary appraisal was completed "as is." Appraisal conditions: Current termite report and correction of all section 1 items.

See all attached appraisal addendums.

Market Conditions Addendum to the Appraisal Report

File No. CRA-Smith

The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.

Property Address 272 Stranahan Circle | City Clayton | State CA | ZIP Code 94517

Borrower N/A

Instructions: The appraiser must use the information required on this form as the basis for his/her conclusions, and must provide support for those conclusions, regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be able to provide data for the shaded areas below; if it is available, however, the appraiser must include the data in the analysis. If data sources provide the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, foreclosures, etc.

MARKET RESEARCH & ANALYSIS

Inventory Analysis	Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend
Total # of Comparable Sales (Settled)	4	3	3	☐ Increasing ☒ Stable ☐ Declining
Absorption Rate (Total Sales/Months)	0.67	1.00	1.00	☐ Increasing ☒ Stable ☐ Declining
Total # of Comparable Active Listings	10	8	7	☐ Declining ☒ Stable ☐ Increasing
Months of Housing Supply (Total Listings/Ab.Rate)	14.9	8.0	7.0	☐ Declining ☒ Stable ☐ Increasing
Median Sale & List Price, DOM, Sale/List %	Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend
Median Comparable Sale Price	432,000	420,000	427,500	☐ Increasing ☐ Stable ☒ Declining
Median Comparable Sales Days on Market	50	123	11	☐ Declining ☒ Stable ☐ Increasing
Median Comparable List Price	449,900	440,000	450,000	☐ Increasing ☒ Stable ☐ Declining
Median Comparable Listings Days on Market	62	48	22	☐ Declining ☒ Stable ☐ Increasing
Median Sale Price as % of List Price	95%	95%	95%	☐ Increasing ☒ Stable ☐ Declining
Seller-(developer, builder, etc.)paid financial assistance prevalent? ☒ Yes ☐ No				☐ Declining ☒ Stable ☐ Increasing

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.). Sales concessions under $15,000 or 3-4% of the sales price for NRCC is typical but not prevalent in this market during the past 12 months. Some concessions and some VA/FHA loans are being offered in the Clayton market area.

Are foreclosure sales (REO sales) a factor in the market? ☒ Yes ☐ No If yes, explain (including the trends in listings and sales of foreclosed properties).

REO/short sale activity has been a modest factor in the subject's Clayton market area for the past 12 months and a dominate factor in the subject's general Contra Costa (Concord) market area which has resulted in a declining value trend and a wide variance in sale price for historically similar priced homes.

Cite data sources for above information. REALIST and EBRD-Local MLS.

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.

See page 7 of this report

CONDO/CO-OP PROJECTS

If the subject is a unit in a condominium or cooperative project, complete the following: N/A Project Name: N/A

Subject Project Data	Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend
Total # of Comparable Sales (Settled)				☐ Increasing ☐ Stable ☐ Declining
Absorption Rate (Total Sales/Months)				☐ Increasing ☐ Stable ☐ Declining
Total # of Active Comparable Listings				☐ Declining ☐ Stable ☐ Increasing
Months of Unit Supply (Total Listings/Ab.Rate)				☐ Declining ☐ Stable ☐ Increasing

Are foreclosure sales (REO sales) a factor in the project? ☐ Yes ☐ No If yes, indicate the number of REO listings and explain the trends in listings and sales of foreclosed properties.

Summarize the above trends and address the impact on the subject unit and project.

APPRAISER

Signature	Signature
Appraiser Name Gary Dwight Gum	Supervisory Appraiser Name
Company Name GDG Appraisal Service	Company Name
Company Address 752 Blocking Circle, Clayton, CA 94517	Company Address
State License/Certification # AG007416 State CA	State License/Certification # State
Email Address gdgappraisal@cs com	Email Address

Form 1004MC2 — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

Supplemental Addendum

File No CRA-Smith

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			

• URAR : Additional Comments

Purpose and Function of Appraisal:

The purpose of this appraisal report is to estimate the current estimated market value of the subject property as of October 26, 2009 for a potential sale by the current owner to the CRA under a prior contract agreement dated 5-8-1996. Resale restrictions have been indicated by the Client. The appraisal report was signed October 29, 2009. The appraised value estimate is an "as is" valuation at the date of the appraisal.

The report function is to assist the Client in procuring financing for the subject property, assessing its economic viability, and various other decision-making considerations in regard to either buying, selling or pricing thereof.

The scope of this appraisal included an inspection of the subject property complete with measurements and photographs thereof. The process then pursued conversations with realtors, developers, appraisers, property owners, and public officials regarding the real property values, market conditions, zoning and building issues, and cost estimates in the subject area.

In the appraisal process, there were no conditions revealed that would indicate a protracted marketing time other than stated. Interviews with real estate brokers knowledgeable with the Clayton market area suggest a marketing time for single family residential homes in the subject price range is approximately between 0 to 6 months. The subject property is currently vacant and in good condition overall with no apparent repairs needed and it is a conforming pocket detached PUD subdivision home.

Intended Use:

The Intended User of this appraisal report is the named Client only. The Intended Use is to evaluate the herein described property that is the subject of this appraisal for a potential sale, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified by the appraiser.

Market Value:

The purpose of this appraisal is to estimate the market value or the most probable sale price for the subject property at the effective date of 10-26-2009 for the purpose of a potential sale as stated above. Definitions of market value is given in the enclosed Freddie Mac form 70/Fannie Mae form 1004 dated 3-05. This report employs two approaches to value, namely the cost approach and the direct sales comparison approach.

The definition of "Market Value" or "Most Probable Sale Price" as used in this report is defined as being the highest price estimated in terms of money which a property will bring if exposed for sale in the open market allowing a reasonable time to find a purchaser who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used.

Market Value may also be defined as being the amount at which the property would exchange in a current real estate market between a willing seller and a willing buyer with equity to both. Or it might also be simply defined as the amount at which ownership may be justified. See the definition of market Value in the attached Statement of Limiting Conditions and Appraiser's Certification.

Subject Project/Area/Site:

The subject is located in a conforming average to good single family detached/attached area of Clayton which is in close proximity to Concord. The area has some commercial/retail uses, open space, public schools, golf course and public parks. The population of Clayton is approximately 12,000 and this incorporated city is in Contra Costa County.This community is influenced by central and west Contra Costa County and San Francisco which is thirty five miles west from the subject neighborhood.

The general neighborhood consists of Clayton Community Park and the Oakhurst Country Club Golf Course. The subject is within 2 miles of Clayton High School and within 1/4 mile of downtown Clayton. Access to Highway 680, which is the access route to San Francisco, is Clayton Road which is 5 blocks from the subject's street.

There is an average mixture or retail/commercial in the general market area of the subject's neighborhood. The subject is approximately 1/4 mile from downtown Clayton. There are no adverse factors that would affect the marketability of the subject property nor the subject's neighborhood other than noted.

The subject is zoned single family residential (SFR/Det. PUD). There is no homeowners association, no dues and no common facilities. The small park in the project is maintained by the City of Clayton

A preliminary title report was not provided for review by the Client. It is assumed that the subject's neighborhood is effected by typical and legal CC&R's plus the typical property taxes assessed by Contra Costa County.The subject parcel is not effected by any adverse easements or encroachments per County public records.

Effective Age:

The subject is an average to good quality single family detached two story PUD subdivision home that is in good condition per interior and exterior observation. The actual age is 14 years and the effective age is estimated to be 8 years. The home demonstrates typical physical depreciation and there was no functional or external obsolescence noted for the dwelling.

Depreciation Comments:

The subject is a home of wood frame construction built with average to good quality materials and design. The floor plan is functional and there are no physical or external inadequacies noted for the dwelling.

Supplemental Addendum

File No. CRA-Smith

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			

Hazardous Materials Disclaimer.

To the best of my knowledge, the existence of hazardous waste materials or any other dangerous substances (such as toxic mold), which may or may not be present on the property, was not observed by the appraiser. It should be noted that the appraiser is not trained or qualified to detect such substances. The presence of substances or materials such as asbestos, urea-formaldehyde foam insulation, toxic mold, dry rot, or other potentially dangerous substances or materials may effect the value of the property. This appraisal is based on the assumption that there are no such substances or materials on or in the property that would cause a loss in value. No responsibility is assumed for any such condition, or for any engineering knowledge required to discover them. The Client is urged to retain an expert in this field, if deemed necessary.

The subject property is in good condition overall with some noted updating no apparent repairs needed as of October 26, 2009. The undersigned appraiser performed a visual inspection of the accessible areas only. This appraisal cannot be relied upon to disclose conditions and/or defects of the subject property that are not visibly apparent. This appraisal is not a home inspection. The appraiser recommends a home inspection of all homes over 10 years old and all sales transactions but there was no noted apparent adverse conditions or defects to the detached PUD concept home as of October 26, 2009.

Listing/Sale History:

The subject property has not been listed for sale through the MLS during the past 12 months. The home was purchased by the current owner in December 1996 per public records.

Trend Analysis:

Unless otherwise noted in the appraisal report, the marketing time and marketability of the subject property is similar to the neighborhood described in the report.

Closed Sales Comments:

Appraiser verifies that the sales utilized in this report are closed escrows. To the best of my knowledge, no concessions were given to buyers other that stated.

Market Data Analysis:

All comparables chosen are located in the subject's market area and immediate to general Clayton neighborhood. The sales utilized demonstrate similar age, concept, utility, location and/or similar construction.

The sales utilized were deemed to be the best available do to size, utility, quality of construction, condition and close proximity to the subject. The transactions were the best available as of the appraisal date of October 26, 2009. The unadjusted price range is $420,000 to $437,500 with an adjusted price range from $420,000 to $432,500. The adjusted price range of $425,000 was certified do to the sales reviewed in and around the Clayton market area, listings and pending sales reviewed, the current generally declining market conditions and do to the condition, location and concept of the subject property.

Final Reconciliation:

I have based my conclusions on two of the three recognized approaches to value. The direct sales approach and the cost approach. The income approach was not utilized because the home will be owner occupied and do to the lack of reliable rental data in the subject's project and general Clayton neighborhood.

This appraisal is subject to those items which have been detailed throughout this appraisal report and this addendum dated October 29, 2009. The subject property is 272 Stranahan Circle, Clayton, CA 94517. (APN 119-620-037).

This appraisal report complies with the Uniform Standards of Professional Appraisal Practices (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation as of August 9, 1990 and updated and revised on April 1, 2009.

This appraisal report is prepared for the sole and excusive use of the appraiser's named Client only. No third parties are authorized to rely upon this report without the express written consent of the appraiser. This report is prepared for the Client's use in making a pricing decision and it is not intended for a borrowers use to determine value.

The estimated market value in this report is the result of a complete summary appraisal report which is intended to comply with the reporting requirement set forth under Standards Rule 2-2(b) of the Uniform Standards of professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value.

I hereby attest that the author of this report has attained a level of competency necessary to complete the assignment in a diligent manner, utilizing all of the commonly recognized analysis techniques considered normal for a prudent evaluation effort.

Based on the analysis of the approaches to value utilized in this appraisal report, it is my opinion that the "as is," fee simple value of the subject property, as of October 26, 2009, and subject to the attached limiting conditions is: $425,000.

Full Report

APN	119620037	Owner Name	SMITH KENNETH F JR & DELORA R
Street Number	272 STRANAHAN CIR	Owner2	
City	CLAYTON CA 94517-1456	Sale Date	3/13/2003
Land Use	1001 SINGLE FAMILY ON 1 SITE	Sale Price	$0.00
Building Sq Ft	1650	Bedrooms	3
Thomas Bros	593H7	Bathrooms	2.5
Mail Addr	272 STRANAHAN CIR	Mail Addr2	CLAYTON, CA 94517-1456
Owner Display	KENNETH F & DELORA R SMITH JR	Absent Owner (Y/N)	N
Owner Last	SMITH	Owner First	KENNETH F JR & DELORA R
County	Contra Costa	Year Built	1995

Plat Image — Click here to view

Property Address	Mail Address	Mail Crrt
272 STRANAHAN CIR CLAYTON, CA 94517-1456	272 STRANAHAN CIR CLAYTON, CA 94517-1456	C005

Census Tract	Census Blk Gp	Zoning	Crrt	Latitude	Longitude	Flood Panel	Flood Zone	Flood Map Date
3553.04	7		C005	37.939321	-121.937357	060077-0001C		5/7/2001

County Use
11 SINGLE FAMILY ON 1 SITE

Stories		Year Built	1995
Lot Sq Ft	3150	Lot Acres	0.0723140495867769
Bldg Sq Ft	1650	# of Units	
Rooms	6	Bedrooms	3
Full Baths	2	Half Baths	1
Parking	Y	Parking Spaces	2
Pool			

Tax Year 2006

Land Value	$117,790.00	Percent Land To Total	44.2061728765725
Improvement Value	$148,666.00	Percent Impr to Total	55.7938271234275
Total Value	$266,456.00	Tax Amount	$3,512.98

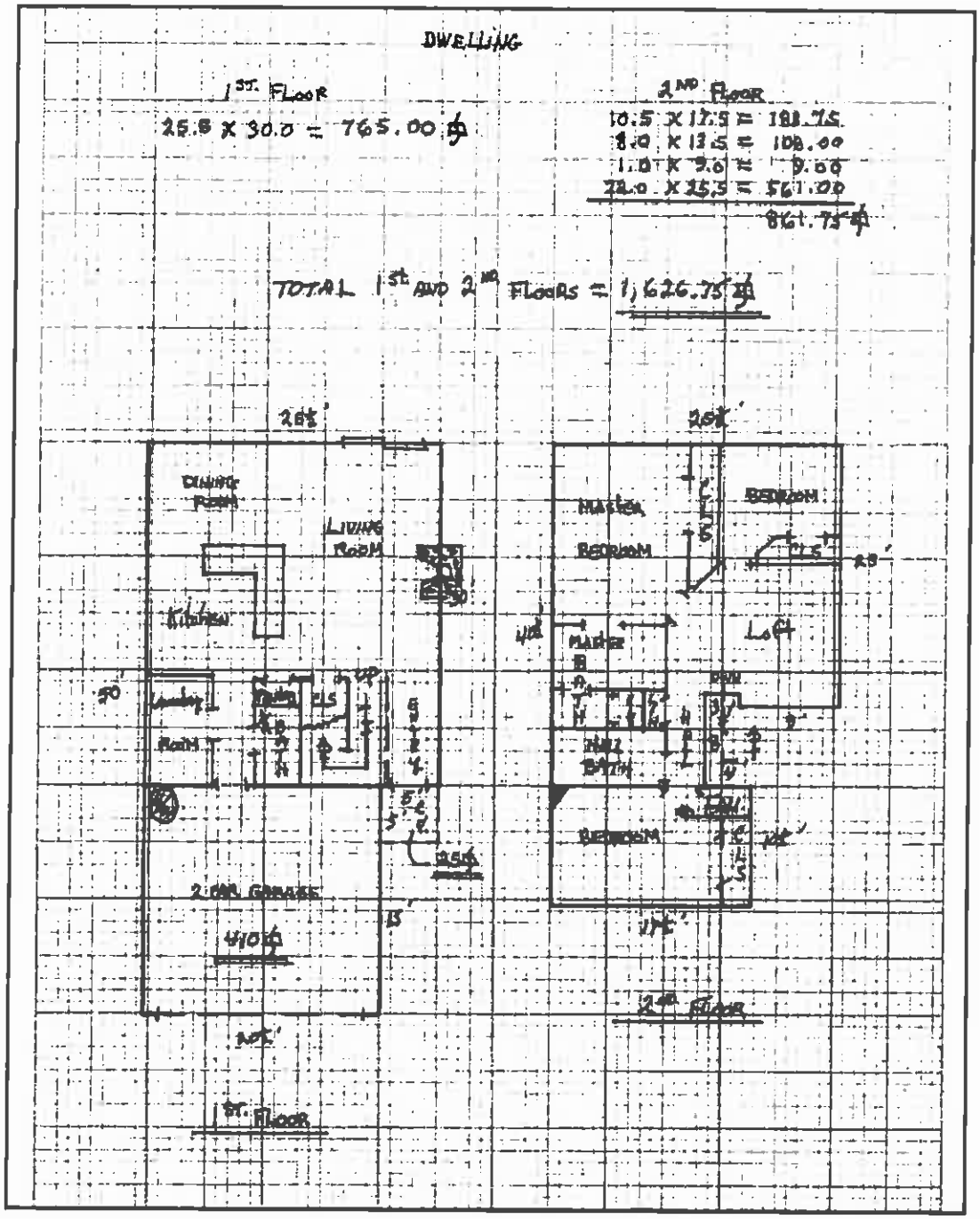
Sale Number	Sale Date	Sale Price	Sale Code	Sale Code Desc
1	3/13/2003	$0.00		
2	12/10/1996	$0.00		
3	6/24/1976			

Sale Number	Document Number	Document Type	Title Company
1	03114761		

Subdivision — Legal Description — T7887 L37

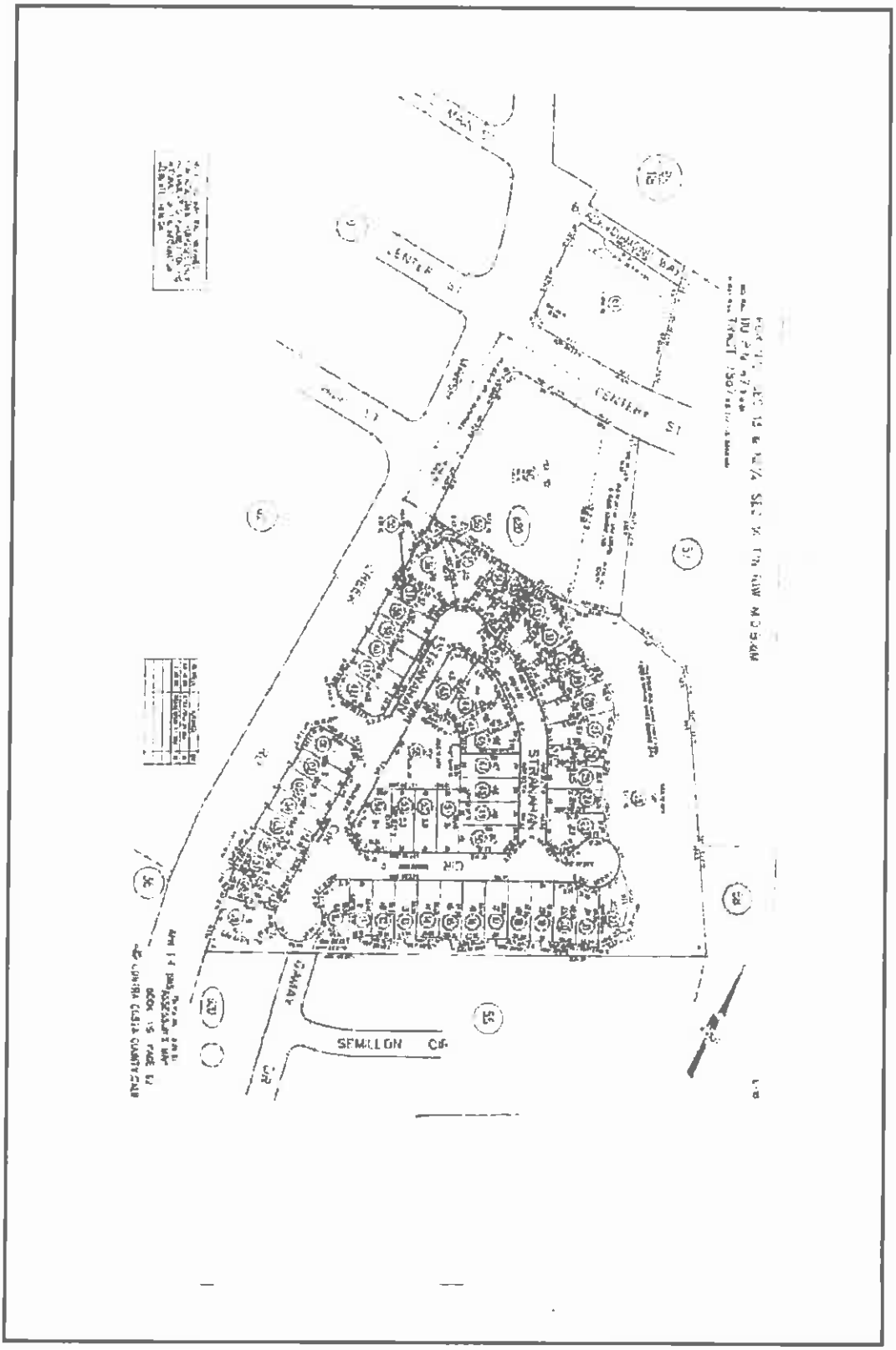
Building Sketch

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			



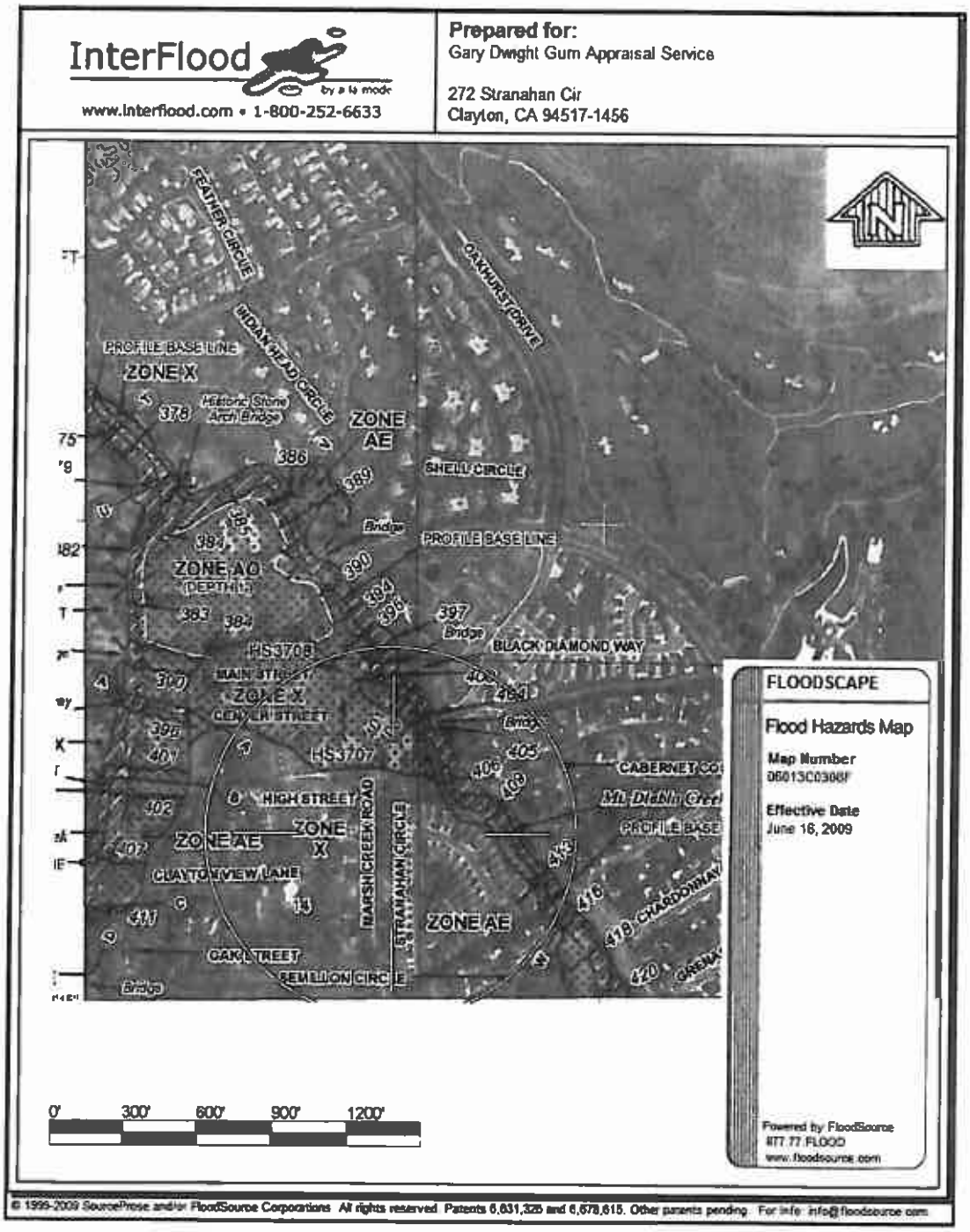
Plat Map

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			



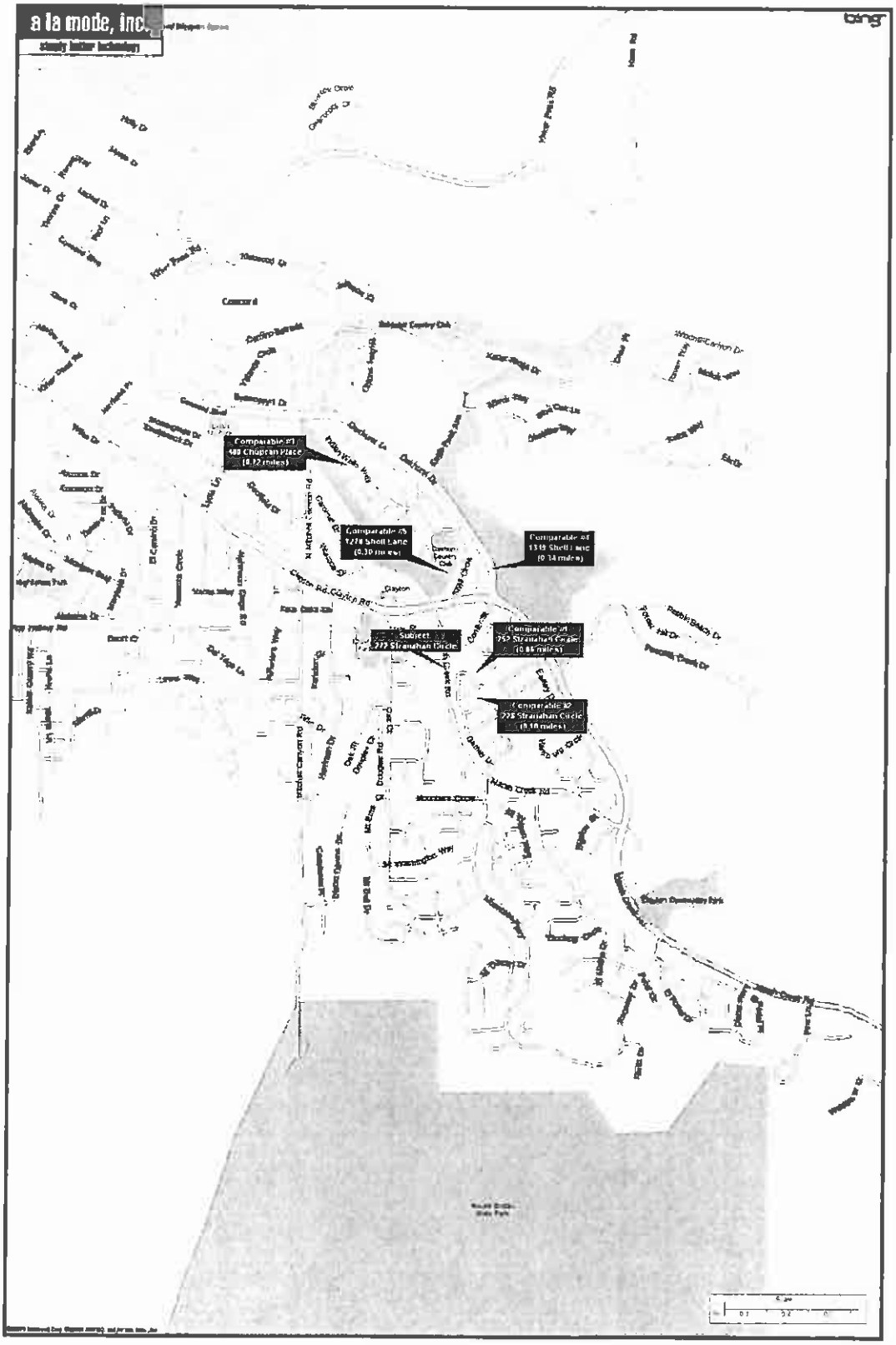
Flood Map

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			



Location Map

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			



Subject Photo Page

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			

Subject Front

272 Stranahan Circle

Sales Price	N/A
Gross Living Area	1,627
Total Rooms	8
Total Bedrooms	3L
Total Bathrooms	2 5
Location	Good/Del PUD
View	Neighborhood
Site	3,150 Sqft
Quality	Ave -Good
Age	14 Yrs.

Subject Rear

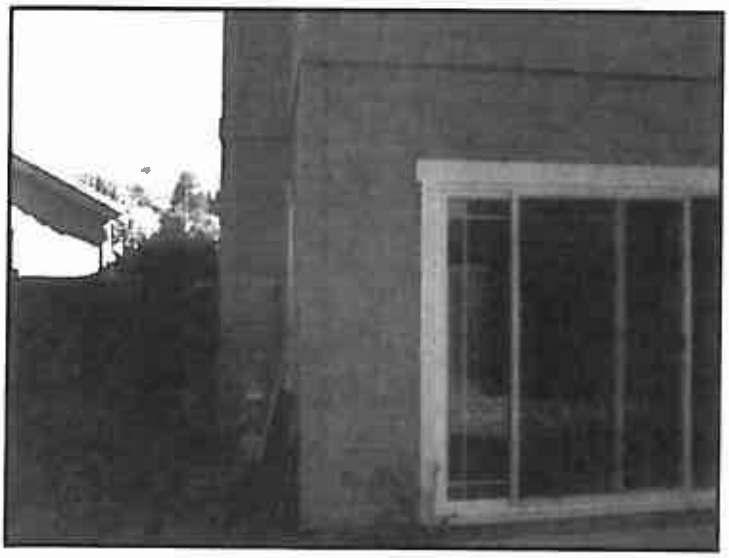
Subject Street

PHOTOGRAPH ADDENDUM

Borrower/Client	N/A						
Property Address	272 Stranahan Circle						
City	Clayton	County	Contra Costa County	State	CA	Zip Code	94517
Lender	Clayton Redevelopment Agency						

Front of Subject

Rear of Subject



Rear/Side of Subject

PHOTOGRAPH ADDENDUM

Borrower/Client	N/A						
Property Address	272 Stranahan Circle						
City	Clayton	County	Contra Costa County	State	CA	Zip Code	94517
Lender	Clayton Redevelopment Agency						

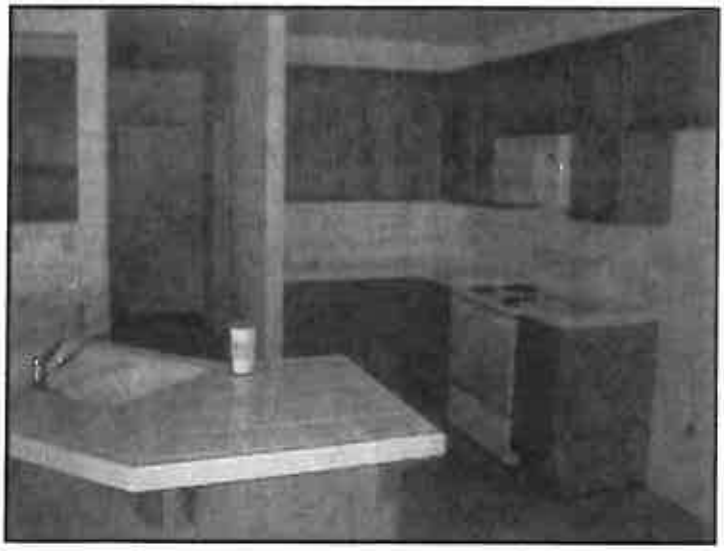
Rear/Side of Subject

Rear of Subject from Marsh Creek Road

Street Scene

Subject Interior Photo Page

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			



Subject Interior

272 Stranahan Circle

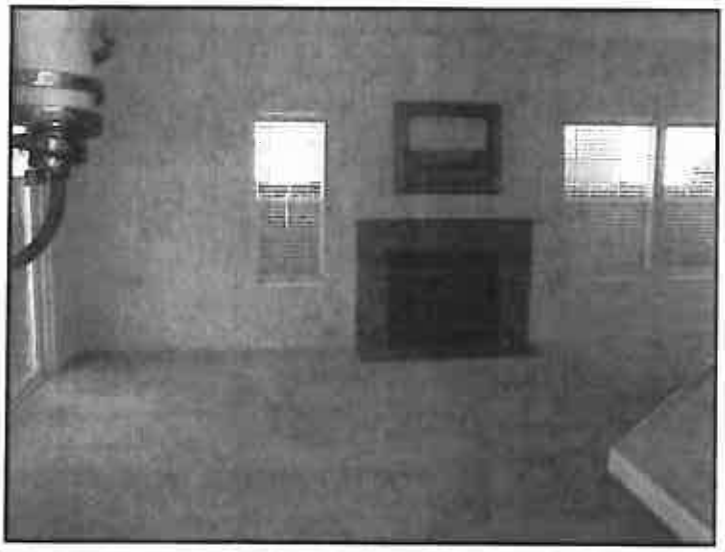
Sales Price	N/A
Gross Living Area	1,627
Total Rooms	8
Total Bedrooms	3L
Total Bathrooms	2.5
Location	Good/Del PUD
View	Neighborhood
Site	3,150 Sqft
Quality	Ave -Good
Age	14 Yrs

Subject Interior

Subject Interior

Subject Interior Photo Page

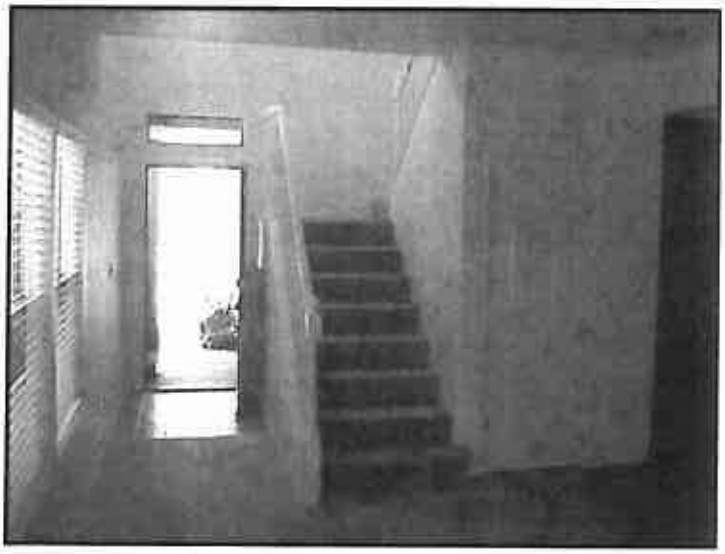
Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			



Subject Interior

272 Stranahan Circle

Sales Price	N/A
Gross Living Area	1,627
Total Rooms	8
Total Bedrooms	3L
Total Bathrooms	2.5
Location	Good/Del PUD
View	Neighborhood
Site	3,150 Sqft
Quality	Ave -Good
Age	14 Yrs



Subject Interior

Subject Interior

Comparable Photo Page

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			

Comparable 1

252 Stranahan Circle

Prox. to Subject	Same St /Same Project
Sale Price	425,000
Gross Living Area	1,663
Total Rooms	7
Total Bedrooms	3
Total Bathrooms	2.5
Location	Good/Det. PUD
View	Neighborhood
Site	4,617 Sqft
Quality	Ave -Good
Age	14 Yrs.

Comparable 2

228 Stranahan Circle

Prox. to Subject	Same St /Same Project
Sale Price	420,000
Gross Living Area	1,650
Total Rooms	8
Total Bedrooms	3L
Total Bathrooms	2.5
Location	Good/Det. PUD
View	Neighborhood
Site	3,571 Sqft
Quality	Ave.-Good
Age	14 Yrs

Comparable 3

400 Chupcan Place

Prox. to Subject	3/4 Mile NW /Same Area
Sale Price	437,500
Gross Living Area	1,749
Total Rooms	8
Total Bedrooms	3
Total Bathrooms	2 5
Location	Good/Duel
View	Neighborhood
Site	5,500 Sqft
Quality	Ave -Good
Age	20 Yrs

MLS Photo do to people in photo taken 10-26-09

Comparable Photo Page

Borrower/Client N/A			
Property Address 272 Stranahan Circle			
City Clayton	County Contra Costa County	State CA	Zip Code 94517
Lender Clayton Redevelopment Agency			

Comparable 4

1349 Shell Lane

Prox. to Subject	1/4 Mile N.E./Same Area
Sale Price	427,500
Gross Living Area	1,709
Total Rooms	7
Total Bedrooms	3
Total Bathrooms	3
Location	Good/Att. PUD
View	Neighborhood
Site	3,200 Sqft
Quality	Ave -Good
Age	16 Yrs

Comparable 5

1278 Shell Lane

Prox. to Subject	1/4 Mile N.E./Same Area
Sale Price	448,600
Gross Living Area	1,709
Total Rooms	7
Total Bedrooms	3
Total Bathrooms	3
Location	Good/Att. PUD
View	Golf Course
Site	2,960 Sqft
Quality	Ave -Good
Age	18 Yrs
	MLS Photo-People in photo taken 10-26-09.

Comparable 6

Prox. to Subject	
Sale Price	
Gross Living Area	
Total Rooms	
Total Bedrooms	
Total Bathrooms	
Location	
View	
Site	
Quality	
Age	

ENGAGEMENT LETTER

Date October 16, 2009
Lender/Client N/A/Clayton Redevelopment Agency-David Wollering (925) 673-7343
Address 6000 Heritage Trail, Clayton, CA 94517-1250

RE: Appraisal of 272 Stranahan Circle, Clayton, CA

Dear David Wollering,

Pursuant to your request, we are happy to submit a proposal for the appraisal of the property located at 272 Stranahan Circle, Clayton, CA 94517 (APN 119-620-037) Lot 37.

The appraisal shall be prepared for Clayton Redevelopment Agency-David Wollering (925) 673-7343 and is for the sole and exclusive use of Clayton Redevelopment Agency and Owner of Record. We request that you seek our written authorization before releasing the report to any other party.

The assignment will be to formulate an opinion of market value for the property. The legal property appraised would be the Fee Simple interest. The property will be valued as of Current-Date of Inspection.

The appraisal will be prepared in accordance with the Uniform Standards of Professional Appraisal Practice. Attached to this letter you will find a copy of our Statement of Limiting Conditions and Appraiser's Certification which are attached to all appraisals prepared by this office. Please review and initial each attached page and return the executed copy to us indicating your acceptance and approval of our Limiting Conditions and Appraiser's Certification.

The estimated completion date of the appraisal is 5-7 business days from the date of inspection. We can only complete the appraisal by this date if we receive from you in a timely manner any relevant information needed for the preparation of the report. In order to complete this appraisal, the following information will be needed:
The appraisal will be completed under current FHA/HUD guidelines with the 1004MC (market conditions) addendum and under the guidelines of the attached CRA addendum. The appraisal will require a current termite report and correction of any section 1 items unless waived by the Client. A home inspection report is recommended. These reports, if requested by the client, must be obtained by the Client and/or Owner of Record.

We will furnish you with 1 e-mail copies of the appraisal report. Our fee for this appraisal will be $ 450.00. This fee ☒ does ☐ does not include the cost of certain expenses that may be incurred in the preparation of the report. If expenses are not included, a bill for these expenses will be provided to you upon completion of the report.

☐ A retainer in the amount of $ 0 must be paid to this office before we can commence the preparation of this report.
☒ A bill for the $ 450.00 appraisal fee will be presented and immediate payment will be requested at the time the report is completed.
☐ A bill for the appraisal fee of $ _____ along with any other expenses incurred will be presented to you along with the completed report.

We will proceed with the preparation of this appraisal upon receipt of a signed copy of this letter and an initialed copy of the Statement of Limiting Conditions and Appraiser's Certification. If you have any questions about anything contained in this letter or in any of the attachments, please give us a call.

Sincerely,

Gary Dwight Gum/AG007416 (925) 672-5187

Engagement Letter Accepted

(client signature) (date) 10-19-09

Uniform Residential Appraisal Report

File # CRA-Smith

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

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Uniform Residential Appraisal Report

File # CRA-Smith

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Uniform Residential Appraisal Report

File # CRA-Smith

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name Gary Dwight Gum
Company Name GDG Appraisal Service
Company Address 752 Blocheng Circle
Clayton, CA 94517
Telephone Number (925) 672-5187
Email Address gdgappraisal@cs.com
Date of Signature and Report _____
Effective Date of Appraisal _____
State Certification # AG007416
or State License # _____
or Other (describe) _____ State # _____
State CA
Expiration Date of Certification or License 11-14-2010

ADDRESS OF PROPERTY APPRAISED

272 Stranahan Circle
Clayton, CA 94517

APPRAISED VALUE OF SUBJECT PROPERTY $ _____

LENDER/CLIENT

Name David Wollering
Company Name Clayton Redevelopment Agency
Company Address 6000 Heritage Trail, Clayton, CA 94517-1250
_____
Email Address dwollering@ci.clayton.ca.us

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY

☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____
☐ Did inspect interior and exterior of subject property
Date of Inspection _____

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection _____

Form 1004 — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

8. FAIR MARKET VALUE

If it is necessary to determine the fair market value of the Residence (the "Fair Market Value"), it shall be determined by a real estate appraiser. The appraisal shall be made by an independent residential appraiser selected by the Owner, from a list of appraisers provided by the Agency. Each appraiser on the Agency's list shall have been previously approved by the Federal National Mortgage Association or the Federal Housing Administration and placed on their list of approved single family housing appraisers. If possible, the appraisal shall be based upon the sales prices of comparable properties sold in the market area during the preceding three-month period. The cost of the appraisal shall be shared equally by the Agency and the Owner. In the event that the Owner has made capital improvements to the Residence which have increased the value of the Residence or if damage or deferred maintenance has occurred while the Owner owned the Residence which has decreased the value of the Residence, the appraisal shall specifically ascribe a value to these adjustment factors and state what the fair market value of the Residence would be without such adjustments. Nothing in this section shall preclude the Owner and the Agency from establishing the Fair Market Value of the Residence by mutual agreement in lieu of an appraisal pursuant to this section.

CITY OF CLAYTON
Founded 1857 Incorporated 1964

Agenda Date: 12-1-09

Agenda Item: 4a

Approved:

Gary A. Napper
City Manager/Executive Director

AGENDA REPORT

TO: HONORABLE CHAIRMAN AND BOARDMEMBERS

FROM: EXECUTIVE DIRECTOR

DATE: 01 DECEMBER 2009

SUBJECT: NOMINATION AND ELECTION OF CHAIRMAN AND VICE CHAIRMAN

RECOMMENDATION

It is recommended the Board of Directors elect its Chairman and Vice Chairman for the ensuing twelve (12) month period.

BACKGROUND

The election of these officers from within the membership of the Board commences each year at the first regularly-scheduled Board meeting in December.

Chairman David Shuey and Vice Chairman Joe Medrano were elected to their current offices on 02 December 2008. The following table lists the officers of the Agency in recent years:

Year	Chair	Vice Chair
2009	David Shuey	Joe Medrano
2008	Hank Stratford	David Shuey
2007	David Shuey	Hank Stratford
2006	Julie Pierce	Pete Laurence
2005	Pete Laurence	Julie Pierce
2004	David Shuey	Pete Laurence
2003	Gregg Manning	David Shuey
2002	Rich Littorno	Gregg Manning

NOMINATION AND ELECTION PROCEDURES

Pursuant to Chapter 2.04 – Council Meetings of the *Clayton Municipal Code*, the City of Clayton uses the most recent version of *Robert's Rules of Order* to govern the conduct of

City business meetings. As a legally separate public entity, the Clayton Redevelopment Agency may use its own procedures for this matter but has typically mirrored the process used by the Clayton City Council. Therefore, to assist in the procedure of nominating and selecting a chairman and vice chairman at this meeting, the following rules* have been extracted and outlined below:

1. The nomination/election of the next Chairman is to be conducted by Chairman Shuey. Once the next Chairman has been elected by the Board of Directors, the new Chairman then presides over and conducts the remainder of the business items on the agenda, including the election of the Vice Chairman.

2. The method of nomination in this respect is an "open nomination" solely by and from within the membership of the presently-seated Board of Directors. Nominations cannot be accepted from members of the public.

3. No "second" is required for a nomination, although sometimes one or more members will "second" a nomination to indicate endorsement.

4. In no event may a member nominate more persons than there are positions to fill.

5. When it appears no one else wishes to make a nomination, the chair of the meeting asks one (1) final time if there are additional nominations. If there is no response, the chair then declares..." the nomination for [Chairman or Vice Chairman, as applicable] is closed."

   It is unnecessary to have a motion to officially close the nominations; yet, if such a motion is made, that motion then requires an affirmative 2/3rds vote of the Board present [4 of 5]. After nominations are closed, a majority vote is required to re-open them.

6. Nominees are voted on in the order in which they are nominated. As soon as one of the nominees receives a majority vote [in this case, 3 or more votes], the chair then declares that person elected to that respective office, and no vote is taken on the remaining nominee(s).

FISCAL IMPACT

No financial impact. The office of Chairman and Vice Chairman do not receive a monthly stipend, nor does any member of the Board of Directors for the Clayton Redevelopment Agency.

*Reference: Chapter XIV - Nominations and Elections, *Robert's Rules of Order* [RONR, 10th Edition, pp. 418-430]

Agenda Date: 12-1-09

Agenda Item: 4a GHAD

MINUTES
REGULAR MEETING
OAKHURST GEOLOGIC HAZARD ABATEMENT DISTRICT (GHAD)

July 21, 2009

1. **CALL TO ORDER AND ROLL CALL** – the meeting was called to order by Chairman Stratford at 7:55 p.m. Boardmembers present: Chairman Stratford, Boardmembers Medrano and Pierce. Absent: Vice Chairperson Geller and Boardmember Shuey. Staff present: City Manager Napper, District Manager Rick Angrisani, General Counsel Adams, Secretary Jackson.

2. **PUBLIC COMMENTS** - None.

3. **CONSENT CALENDAR – It was moved by Boardmember Pierce, seconded by Boardmember Medrano to approve the Consent Calendar as submitted (Passed; 3-0 vote).**

(a) Approved the minutes for the regular meeting of June 16, 2009.

4. **PUBLIC HEARINGS**

(a) Public Hearing on the proposed Oakhurst Geological Hazard Abatement District (GHAD) Proposed Assessments for Fiscal Year 2009-2010.

The District Manager presented the staff report recommending increasing the annual real property assessment by the allowed amount of .8% per parcel, reflecting the adjustment of the Consumer Price Index (CPI).

Chairman Stratford opened the Public Hearing at 7:57 p.m. No Public Comments were offered and he closed the Public Hearing at 7:58 p.m.

It was moved by Boardmember Medrano, seconded by Boardmember Pierce to adopt Resolution 02-2009 approving the District's levy of assessments for FY 2009-2010 (Passed; 3-0 vote).

5. **ACTION ITEMS** – None.

6. **BOARD ITEMS** – None.

7. **ADJOURN-** on call by Chairman Stratford the meeting adjourned at 7:58 p.m.

Respectfully submitted,

_____
Laci J. Jackson, Secretary

Approved by Board of Directors
Geologic Hazard Abatement District

_____
Hank Stratford, Chairman

CITY OF CLAYTON
Founded 1857 Incorporated 1964

Agenda Date: 12-1-09

Agenda Item: 5a GHAD

GHAD REPORT

TO: HONORABLE CHAIRMAN AND BOARDMEMBERS

FROM: GENERAL MANAGER

DATE: DECEMBER 1, 2009

SUBJECT: SELECTION OF CHAIR AND VICE CHAIR

RECOMMENDATION

It is recommended the Board of Directors select a new Chairman and Vice Chairman for the next year.

BACKGROUND

Similar to the Clayton City Council's annual reorganization, the Board of Directors of the Oakhurst Geologic Hazard Abatement District (GHAD) also annually changes its chairman and vice chairman.

Since the December 2, 2008 Board meeting, Boardmember Hank Stratford has served as Chairman of GHAD with Boardmember Howard Geller serving as Vice Chair. At this time, the Board should conduct the nomination and selection of its chair and vice chair to serve for the next twelve months. In recent years the following have served as officers of GHAD:

2009	Chair Hank Stratford	Vice Chair Howard Geller
2008	Chair Bill Walcutt	Vice Chair Julie Pierce
2007	Chair Julie Pierce	Vice Chair Gregg Manning
2006	Chair Bill Walcutt	Vice Chair Gregg Manning
2005	Chair David Shuey	Vice Chair Bill Walcutt
2004	Chair Bill Walcutt	Vice Chair Gregg Manning
2003	Chair Bill Walcutt	Vice Chair Julie Pierce

FISCAL IMPACT

None. Boardmembers do not receive any stipend for their time and effort expended in these offices.

Respectfully submitted,

Rick Angrisani
General Manager