



AGENDA

REGULAR JOINT MEETING

*** * ***

CLAYTON CITY COUNCIL and CLAYTON FINANCING AUTHORITY

*** * ***

TUESDAY, May 4, 2021

6:00 P.M.

and

7:00 P.M.

***** NEW LOCATION*****

This meeting is being held in accordance with the Brown Act as currently in effect under the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19 and the Governor's Executive Orders N-25-20 and N-29-20 that allow members of the City Council, City staff and the public to participate and conduct a meeting by teleconference, videoconference or both. In order to comply with public health orders, the requirement to provide a physical location for members of the public to participate in the meeting has been suspended.

Mayor: Carl Wolfe

Vice Mayor: Peter Cloven

Council Members

Jim Diaz

Holly Tillman

Jeff Wan

- A complete packet of information containing staff reports and exhibits related to each public item is available for public review on the City's website at www.ci.clayton.ca.us
- 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 is available for review on the City's website at www.ci.clayton.ca.us
- 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) 673-7300.

Instructions for Virtual City Council Meeting – May 4

To protect our residents, officials, and staff, and aligned with the Governor’s executive order to Shelter-at-Home, this meeting is being conducted utilizing teleconferencing means consistent with State order that that allows the public to address the local legislative body electronically.

To follow or participate in the meeting:

1. **Videoconference:** to follow the meeting on-line, click here to register:

https://us02web.zoom.us/webinar/register/WN_8HF1fp4OTkOe8pBgW7LSHQ

After clicking on the URL, please take a few seconds to submit your first and last name, and e-mail address then click “Register”, which will approve your registration and a new URL to join the meeting will appear.

Phone-in: Once registered, you will receive an e-mail with instructions to join the meeting telephonically, and then dial Telephone: 877 853 5257 (Toll Free)

2. using the *Webinar ID* and *Password* found in the e-mail.

E-mail Public Comments: If preferred, please e-mail public comments to the City Clerk, Ms. Calderon at jcalderon@ci.clayton.ca.us by 5 PM on the day of the City Council meeting. All E-mail Public Comments will be forwarded to the entire City Council.

For those who choose to attend the meeting via videoconferencing or telephone shall have 3 minutes for public comments.

Location:

Videoconferencing Meeting (this meeting via teleconferencing is open to the public)

To join this virtual meeting on-line click here:

https://us02web.zoom.us/webinar/register/WN_8HF1fp4OTkOe8pBgW7LSHQ

To join on telephone, you must register in the URL above, which sends an e-mail to your inbox, and then dial (877) 853-5257 using the *Webinar ID* and *Password* found in the e-mail.

*** CITY COUNCIL ***

May 4, 2021

6:00 P.M.

1. **CALL TO ORDER AND ROLL CALL** – Mayor Wolfe.

2. **CLOSED SESSION**

- (a) Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation
Government Code section 54956.9(d)(2) (1 case) ([View Here](#))
- (b) *Government Code Section 54957.6*, Conference with Labor Negotiator
Instructions to City-designated labor negotiator: City Manager
Employee Organization: Clayton Police Officers Association (CPOA)

Report out from Closed Session: Mayor Wolfe.

- Short Recess -

* * * * *

7:00 P.M.

3. **CALL TO ORDER AND ROLL CALL** – Mayor Wolfe.

4. **MEETING PROTOCOL VIDEO**– City Clerk

5. **PLEDGE OF ALLEGIANCE** – led by Councilmember Diaz.

6. **CONSENT CALENDAR**

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

- (a) Approve the minutes of the City Council's regular meeting of April 20, 2021.
(City Clerk) ([View Here](#))
- (b) Approve the Financial Demands and Obligations of the City. (Finance) ([View Here](#))

- (c) East Contra Costa HCP/NCCP Fee Update Defense and Indemnification Agreement. (City Manager) ([View Here](#))
- (d) Fifth Amendment to Tolling Agreement Extending the Limitations Period to File Legal Challenge by West Coast Homebuilders, Inc. (City Attorney) ([View Here](#))
- (e) Council Appointment of Michelle Berman to the Contra Costa Advisory Council on Aging as Clayton's representative for the term through September 30, 2023. (City Clerk) ([View Here](#))

7. RECOGNITIONS AND PRESENTATIONS

- (a) Proclamation declaring the month of May as "Jewish American Heritage Month" in the City of Clayton. (Mayor Wolfe) ([View Here](#))
- (b) Proclamation declaring the month of May as "Asian Pacific Islander Heritage Month" in the City of Clayton. (Mayor Wolfe) ([View Here](#))
- (c) Proclamation declaring "Cinco de Mayo" on May 5th in the City of Clayton. (Mayor Wolfe) ([View Here](#))
- (d) Proclamation Declaring "Peace Officer Memorial" on May 15th in the City of Clayton. (Mayor Wolfe) ([View Here](#))
- (d) Proclamation Declaring "Armed Forces Day" on May 15th in the City of Clayton. (Mayor Wolfe) ([View Here](#))

8. REPORTS

- (a) Planning Commission – Meeting held April 27, 2021. (Vice Chair Denslow)
- (b) Trails and Landscaping Committee – No meeting held.
- (c) City Manager/Staff
- (d) City Council - Reports from Council liaisons to Regional Committees, Commissions and Boards.

9. PUBLIC COMMENT ON NON - AGENDA ITEMS

Members of the public may address the City Council on items within the Council's jurisdiction, (which are not on the agenda) at this time. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Mayor's discretion. 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 at its discretion 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 when each item is considered by the City Council.

10. **PUBLIC HEARINGS** – None.

11. **ACTION ITEMS**

- (a) Provide Direction to Staff Regarding the Purchase of Additional Library Hours for FY2021/22 (City Manager) ([View Here](#))
- (b) Provide Direction to Staff Regarding Potential Amendments to the City Municipal Code Regarding Outdoor Cannabis Cultivation. (City Manager) ([View Here](#))

12. **RECESS THE CITY COUNCIL MEETING** – Mayor Wolfe.
(until after the conclusion of the Clayton Financing Authority meeting)

13. **RECONVENE THE CITY COUNCIL MEETING** – Mayor Wolfe.

14. **COUNCIL ITEMS** – limited to Council requests and directives for future meetings.

15. **CLOSED SESSION** – None.

16. **ADJOURNMENT**

The next regularly scheduled meeting of the City Council will be May 18, 2021.

#

*** CLAYTON FINANCING AUTHORITY ***

May 4, 2021

1. **CALL TO ORDER AND ROLL CALL** – President Wolfe.

2. **CLOSED SESSION** – None.

3. **CONSENT CALENDAR**

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

(a) Approve the minutes of the regular meeting of November 20, 2018. ([View Here](#))

(b) Approve Audited Basic Financial Statements of the Clayton Financing Authority for the Fiscal Year Ended June 30, 2019. (Finance Director) ([View Here](#))

(c) Approve Audited Basic Financial Statement of the Clayton Financing Authority for the Fiscal Year Ended June 30, 2020. (Finance Director) ([View Here](#))

4. **PUBLIC COMMENTS ON NON-AGENDA ITEMS**

Members of the public may address the Board on items within the Board's jurisdiction, (which are not on the agenda) at this time. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the President's discretion. When one's name is called or you are recognized by the President as wishing to speak, the speaker shall 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 Board may respond to statements made or questions asked, or may at its discretion 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.

5. **ACTION ITEMS** - None.

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

7. **ADJOURNMENT** – the Clayton Financing Authority's next meeting will be scheduled when necessary.

#####



AGENDA REPORT

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: MALA SUBRAMANIAN, CITY ATTORNEY

DATE: MAY 4, 2021

**SUBJECT: CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
GOVERNMENT CODE SECTION 54956.9(D)(2) (1 CASE)**

On April 28, 2021, the City Attorney received the attached letter from Christina Berglund, legal counsel to West Coast Homebuilders requesting a further extension of a Tolling Agreement to preserve its legal rights while the City continues to process the Oak Creek Canyon Project.

The City Attorney has determined that this correspondence qualifies as “existing facts and circumstances” under the Brown Act, specifically Government Code section 54956.9(e)(3) and that there is significant exposure to litigation pursuant to Government Code section 54956.9(d)(2).

ATTACHMENT

Letter dated April 28, 2021 from Christina Berglund

CHRISTINAL. BERGLUND
SENIOR COUNSEL
DIRECT DIAL (916) 491-3031
DIRECT FAX (916) 442-2348
E-MAIL cberglund@hansonbridgett.com



April 28, 2021

VIA ELECTRONIC MAIL ONLY

Ms. Malathy Subramanian
City Attorney
Best Best & Krieger
2001 North Main St., Suite 390
Walnut Creek, CA 94596
msubramanian@bbklaw.com

Re: Extension of Tolling Agreement Extending the Limitations Period to File a Legal Challenge by West Coast Homebuilders

Dear Ms. Subramanian:

We submit this letter on behalf of our client West Coast Homebuilders ("WCHB") with respect to the tolling agreement entered into with the City of Clayton ("City") on May 11, 2016.

In 2005, the City of Clayton ("City") approved a tentative map for the development of a nine-acre parcel owned by WCHB and comprised of land bearing Assessor Parcel No. 119-070-008 (the "Property"). Prior to expiration of the tentative map, WCHB timely submitted a final map for consideration and approval. On February 16, 2016, the City Council adopted Resolution No. 10-2016 disapproving the final map based on its determination that the project was not in substantial compliance with the approved tentative map. In doing so, WCHB contends the City violated the Subdivision Map Act (Gov. Code, § 66410 et seq.) in failing to perform its ministerial duty to approve the final map, which is in substantial conformance with the tentative map.

Rather than immediately pursue legal action, on May 11, 2016, the City and WCHB executed an agreement in which WCHB agreed to waive the applicable 90-day statute of limitations found in Government Code section 66499.37 for 180 days to allow WCHB to prepare and submit to the City a new tentative subdivision map application for the project, which the City would review in the time and manner required by applicable law. The parties further agreed that the waiver period may be extended in writing. To date, the parties have agreed to four extensions of the waiver period — the most recent of which is set to expire on June 1, 2021.

WCHB submitted its application for Oak Creek Canyon, a six-unit subdivision located on the Property, on June 17, 2016 ("Project"). The Project was heard by the Planning Commission February 23, 2021. The Planning Commission adopted its resolution memorializing its recommendation to City Council on March 9, 2021. While it is our understanding that staff is attempting to schedule this Project for the May 18, 2021 City Council meeting, at this time it has not yet been agendaized. Given the uncertainty that the City will be able to make a final determination as to this Project by June 1, 2021, in order to continue preservation of its legal

Ms. Malathy Subramanian
April 28, 2021
Page 2

rights, WCHB seeks to extend the tolling agreement until December 31, 2021 with the understanding that the City is diligently working to process the application in a timely manner.

We appreciate your consideration of this matter and we look forward to continuing to work with the City on this Project. Please let us know if you have any questions.

Very truly yours,



Christina L. Berglund
Senior Counsel

CLB

cc: Doug Chen, West Coast Homebuilders (dchen@discoverybuilders.com)
Louis Parsons, West Coast Homebuilders (lparsons@discoverybuilders.com)
David Young, West Coast Homebuilders (davidyoung@discoverybuilders.com)

**MINUTES
OF THE
REGULAR MEETING
CLAYTON CITY COUNCIL**

TUESDAY, April 20, 2021

1. **CALL TO ORDER THE CITY COUNCIL** – The meeting was called to order at 7:01 p.m. by Mayor Wolfe on a virtual web meeting and telephonically (877) 853-5257. Councilmembers present: Mayor Wolfe, Vice Mayor Cloven, and Councilmembers Diaz, Tillman and Wan. Councilmembers absent: None. Staff present: City Manager Reina Schwartz, City Attorney Mala Subramanian and City Clerk/HR Manager Janet Calderon.
2. **MEETING PROTOCOL VIDEO** – City Clerk
3. **PLEDGE OF ALLEGIANCE** – led by Councilmember Diaz.
4. **CONSENT CALENDAR**

It was moved by Vice Mayor Cloven, seconded by Councilmember Tillman, to approve the Consent Calendar items 3(a) - 3(g) as submitted. (Passed 5-0).

 - (a) Approved the minutes of the City Council's regular meeting of March 16, 2021. (City Clerk)
 - (b) Approved the Financial Demands and Obligations of the City. (Finance)
 - (c) Adopted Resolution No. 15-2021 setting the City's Equivalent Runoff Unit (ERU) real property parcel assessment rates in FY 2021-22 at current rates to pay for local storm water/clean water programs and services required by the unfunded federal and state-mandated National Pollution Discharge Elimination System (NPDES) Program (storm water pollution prevention). (Assistant to the City Manager)
 - (d) Adopted Resolution No. 16-2021 Authorizing the Second Amendment to an Existing Agreement with Harris & Associates for Professional Engineering Services Including Designating a New City Engineer. (City Manager)
 - (e) Adopted Resolution No. 17-2021 Designating Management Titles (Authorized Agents) Authorized to Execute Reimbursement and Other Grant Related Forms on Behalf of the City for a Federal Emergency Management Agency (FEMA) Grant to Update the City of Clayton's Local Hazard Mitigation Plan (LHMP). (City Manager)
 - (f) Received the FY 2018/19 Annual Trails and Landscaping Committee (TLC), serving as the Citizen Oversight Committee, Annual Report regarding voter-approved (2016) Measure H for the Landscape Maintenance District. (Assistant to the City Manager)

- (g) Received the FY 2019/20 Annual Trails and Landscaping Committee (TLC), serving as the Citizen Oversight Committee, Annual Report regarding voter-approved (2016) Measure H for the Landscape Maintenance District. (Assistant to the City Manager)

5. RECOGNITIONS AND PRESENTATIONS

- (a) Certificates of Recognition to public school students for exemplifying the “Do the Right Thing” character trait of “Courage” during the month of April 2021. (Mayor Wolfe)

Mayor Wolfe and Mt. Diablo Elementary School Principal Katie Sanchez presented certificates to Cole Branich and Rory Houseman-Thygesen.

Mayor Wolfe and Diablo View Middle School Principal Peter Fong presented certificates to Sophia Pritchard and Hannah Tornberg.

- (b) Proclamation declaring the month of April as “Autism Acceptance Month” in the City of Clayton. (Mayor Wolfe)

Mayor Wolfe briefly read the proclamation declaring April as “Autism Acceptance Month” in the City of Clayton.

- (c) Proclamation declaring the month of April as “Arab-American Heritage Month” in the City of Clayton. (Mayor Wolfe)

Mayor Wolfe briefly read the proclamation declaring April as “Arab-American Heritage Month” in the City of Clayton.

- (d) Proclamation declaring “Earth Day” on April 22, 2021 in the City of Clayton. (Mayor Wolfe)

Mayor Wolfe briefly read the proclamation declaring April 22 as “Earth Day” in the City of Clayton.

- (e) Proclamation Declaring “Law Day” on May 1, 2021 in the City of Clayton. (Mayor Wolfe)

Mayor Wolfe briefly read the proclamation declaring May 1 as “Law Day” in the City of Clayton.

- (f) Proclamation declaring April 28, 2021 as “Julie Pierce Day” in the City of Clayton. (Mayor Wolfe)

Mayor Wolfe read and presented the proclamation to former Clayton Mayor/Councilmember Julie Pierce.

Councilmember Diaz noted a proclamation was missed in March for Cesar Chavez Day and requested it be included in the future. He additionally requested a proclamation in June for former Mayor/Councilmember Howard Geller for his upcoming monumental birthday.

Mayor Wolfe also requested a future proclamation in the month of April for Earthquake Preparedness month.

6. **REPORTS**

- (a) Planning Commission – No meeting held.
- (b) Trails and Landscaping Committee – Chair Justin Cesarin stated that the Committee's meeting of April 12, 2021 included review of the Landscape Maintenance District staff activity report, status of Landscape Maintenance District projects including the completion of the downtown planter boxes, and review of the Landscape Maintenance District revenue and expenses. The Trails and Landscape Committee received information that Contra Costa Water District will be announcing water restrictions/reductions due to little rainfall this year. The Trails and Landscape Committee is expected to meet again in May.
- (c) City Manager/Staff

City Manager Reina Schwartz announced there will be a number of items coming to the City Council in the next couple of months as the current Fiscal Year closes.
- (d) City Council - Reports from Council liaisons to Regional Committees, Commissions and Boards.

Councilmember Wan indicated he received his first COVID vaccine.

Councilmember Tillman met with the City Manager, various constituents, worked with Cheryl Willis on the best location for the little free anti-racist library, attended with Mayor Wolfe and Vice Mayor Cloven the Stop the Hate rally in The Grove Park, and announced the Clayton Speaks Forum taking place on April 28 at 6:30 p.m.

Councilmember Diaz met with the City Manager, met with the Police Chief, assisted in the COVID-19 vaccination event in Brentwood led by Ross Macumber Battalion Chief-Operations East County Fire; Captain Tory Kornblum Contra Costa Sheriff's Department; Jim Phelan Contra Costa Fire Inspection; and Meagan Jones Contra Costa County Health Services representative, worked with Sergeant Jason Shaw on the inventory of the Clayton CERT equipment, and met with various constituents.

Vice Mayor Cloven attended the Rise Up Against Asian Hate rally at The Grove Park, as a member of the Contra Costa County Hazardous Materials Commission attended the County Supervisors meeting, the Trails and Landscape Committee meeting, met with Contra Costa Hazardous Material Commission An Ombudsman, Michael Kent, and Councilmember Carlson from Pleasant Hill regarding his position on the policy committee, spoke with various constituents who inquired on COVID pay funding provided by the American Recovery Act and urged Clayton to support its local businesses.

Mayor Wolfe announced a new business will be opening soon at Flora Square and invited the new owner to attend a future City Council meeting. Mayor Wolfe met with Vice Mayor Cloven, met with the City Manager, met with various constituents, attended the Anti-Hate/Stop the Hate rally at The Grove Park, wrote an article for the *Clayton Pioneer*, and attended the Livable California webinar.

7. **PUBLIC COMMENT ON NON - AGENDA ITEMS**

Jonathan Lee provided statistics regarding cases of anti-Asian violence in Contra Costa County. Mr. Lee urged Councilmember Wan to ask his supporters to Stop the Hate in the community.

Rebecca Nolen attended the Stop the Hate rally at The Grove Park and was upset the event was hijacked for political purposes. She urged all Councilmembers to call for an end to racism in Clayton.

Scott Denslow expressed his love of the Clayton community. Mr. Denslow expressed his concerns with the Save Clayton group and potential involvement of Councilmember Wan.

Mayor Wolfe closed public comment.

8. **PUBLIC HEARINGS** – None.

9. **ACTION ITEMS**

- (a) City Council Adoption by Minute Order Council Priority Areas for FY 2021/22.
(City Manager)

City Manager Reina Schwartz presented the report.

Following questions by City Council, Mayor Wolfe opened the item to public comment; no comments were offered.

It was moved by Councilmember Diaz, seconded by Councilmember Tillman, to adopt the list of City Council Priority Areas for Fiscal Year 2021/22. (Passed 5-0 vote).

- (b) Adopted Resolution No. 18-2021, 19-2021, 20-2021 Consenting to Inclusion of Properties Within the City of Clayton in the Golden State Financing Authority PACE Programs and Associate Membership in Golden State Finance Authority. (City Manager)

City Manager Reina Schwartz presented the report.

Emily Ramey with Ygrene Energy presented a brief PowerPoint.

Following questions by City Council, Mayor Wolfe opened the item to public comment.

Brian Walton expressed support of this item.

Mayor Wolfe closed public comment.

It was moved by Councilmember Diaz, seconded by Councilmember Wan, to adopt Resolution No 18-2021 Consenting to the Inclusion of Commercial, Industrial, Agricultural, in Properties Within the City's Jurisdiction in the Golden State Finance Authority Community Facilities District No. 2014-1 (Clean Energy) to Finance Renewable Energy Improvements, Energy Efficiency and Water Conservation Improvements, Electric Vehicle Charging Infrastructure, Seismic Retrofitting, Fire Prevention and Other Improvements and Approving Associate Membership in the Joint Exercise of Powers Authority Related Thereto; to adopt Resolution No. 19-2021 Consenting to Inclusion of Commercial, Industrial and Agricultural Properties Within the City's Jurisdiction in the Golden State Finance Authority Program to Finance Renewable Energy Generation, Energy and Water Efficiency Improvements, Electric Vehicle Charging Infrastructure, and Other Improvements

and Approving Associate Membership in the Joint Exercise of Powers Authority Related Thereto; to adopt Resolution No. 20-2021 Authorizing the City Manager to Execute an Insurance and Indemnification Agreement with Ygrene Energy Fund California, LLC . (Passed 5-0 vote).

- 10. RECESS THE CITY COUNCIL MEETING – Mayor Wolfe**
(until after the conclusion of the Oakhurst Geological Hazard Abatement District meeting)

Mayor Wolfe announced the City Council will adjourn to the Oakhurst Geological Hazard Abatement District Meeting [8:25 p.m.].

- 11. RECONVENE THE CITY COUNCIL MEETING – Mayor Wolfe**

Mayor Wolfe announced the City Council will reconvene the City Council meeting [8:31 p.m.].

- 12. COUNCIL ITEMS**

Councilmember Tillman requested a calendar of when the various committees occur, and requested removal of Columbus Day from Cultural Heritage Proclamations.

Mayor Wolfe requested creative dialogue regarding SB9, SB10 and other bills that are going to directly affect Clayton.

Councilmember Tillman requested invitation of all new businesses that opened during COVID to speak at a future City Council meeting.

- 13. CLOSED SESSION – None.**

- 14. ADJOURNMENT– on call by Mayor Wolfe, the City Council adjourned its meeting at 8:34p.m.**

The next regularly scheduled meeting of the City Council will be May 4, 2021.

#

Respectfully submitted,

Janet Calderon, City Clerk

APPROVED BY THE CLAYTON CITY COUNCIL

Carl Wolfe, Mayor

#



STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: JENNIFER GIANTVALLEY, ACCOUNTING TECHNICIAN

DATE: 05/04/2021

SUBJECT: FINANCIAL DEMANDS AND OBLIGATIONS OF THE CITY

RECOMMENDATION:

It is recommended the City Council, by minute action, approve the financial demands and obligations of the City for the purchase of services and goods in the ordinary course of operations.

Attached Report	Purpose	Date	Amount
Open Invoice Report	Accounts Payable	4/23/2021	\$ 138,779.99
Cash Requirements Report	Payroll, Taxes	4/21/2021	\$ 79,461.29
	Total Required		\$ 218,241.28

Attachments:

1. Open Invoice Report, dated 04/23/21 (3 pages)
2. Cash Requirements report PPE 04/18/21 (1 page)

City of Clayton

Open Invoice Report

Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
American Fidelity Assurance Company								
American Fidelity Assurance Company	4/16/2021	4/16/2021	6000496	FSA PPE 4/18/21	\$128.45	\$0.00		\$128.45
American Fidelity Assurance Company	4/30/2021	4/30/2021	D295443	Supplemental insurance April 2021	\$617.70	\$0.00		\$617.70
<i>Totals for American Fidelity Assurance Company</i>					<u>\$746.15</u>	<u>\$0.00</u>		<u>\$746.15</u>
AT&T (CalNet3)								
AT&T (CalNet3)	4/22/2021	4/22/2021	16360147	Phones 3/22/21--4/21/21	\$1,287.20	\$0.00		\$1,287.20
<i>Totals for AT&T (CalNet3)</i>					<u>\$1,287.20</u>	<u>\$0.00</u>		<u>\$1,287.20</u>
CalPERS Health								
CalPERS Health	4/14/2021	4/14/2021	16404686	Medical May 2021	\$33,988.10	\$0.00		\$33,988.10
<i>Totals for CalPERS Health</i>					<u>\$33,988.10</u>	<u>\$0.00</u>		<u>\$33,988.10</u>
CalPERS Retirement								
CalPERS Retirement	4/18/2021	4/18/2021	041821	Retirement PPE 4/18/21	\$16,595.98	\$0.00		\$16,595.98
<i>Totals for CalPERS Retirement</i>					<u>\$16,595.98</u>	<u>\$0.00</u>		<u>\$16,595.98</u>
Caltronics Business Systems, Inc								
Caltronics Business Systems, Inc	4/16/2021	4/16/2021	3234478	Copier usage 3/18/21-4/17/21	\$197.33	\$0.00		\$197.33
<i>Totals for Caltronics Business Systems, Inc</i>					<u>\$197.33</u>	<u>\$0.00</u>		<u>\$197.33</u>
CCWD								
CCWD	4/7/2021	4/7/2021	J series	Water 2/3/21-4/5/21	\$13,479.86	\$0.00		\$13,479.86
<i>Totals for CCWD</i>					<u>\$13,479.86</u>	<u>\$0.00</u>		<u>\$13,479.86</u>
Cintas Corporation								
Cintas Corporation	4/15/2021	4/15/2021	4081583384	PW uniforms through 4/15/21	\$50.72	\$0.00		\$50.72
Cintas Corporation	4/22/2021	4/22/2021	4082230828	PW uniforms through 4/22/21	\$50.72	\$0.00		\$50.72
<i>Totals for Cintas Corporation</i>					<u>\$101.44</u>	<u>\$0.00</u>		<u>\$101.44</u>
Contra Costa County - Office of the Sheriff								
Contra Costa County - Office of the She	4/15/2021	4/15/2021	CLPD-2103	Toxicology March 2021	\$150.00	\$0.00		\$150.00
<i>Totals for Contra Costa County - Office of the Sherif</i>					<u>\$150.00</u>	<u>\$0.00</u>		<u>\$150.00</u>
Contra Costa County Animal Svcs Dept								
Contra Costa County Animal Svcs Dept	4/1/2021	4/1/2021	ASD M7042	Animal control services Q4 FY 2021	\$19,065.98	\$0.00		\$19,065.98
<i>Totals for Contra Costa County Animal Svcs Dept</i>					<u>\$19,065.98</u>	<u>\$0.00</u>		<u>\$19,065.98</u>
Contra Costa County Library Administration								
Contra Costa County Library Administr	4/15/2021	4/15/2021	CLAQ32021	Extra Library hours Q3 FY 2021	\$1,941.23	\$0.00		\$1,941.23
<i>Totals for Contra Costa County Library Administration</i>					<u>\$1,941.23</u>	<u>\$0.00</u>		<u>\$1,941.23</u>
Contra Costa County Public Works Dept								
Contra Costa County Public Works Dept	4/15/2021	4/15/2021	703815	Traffic signal maintenance March 2021	\$3,070.52	\$0.00		\$3,070.52
<i>Totals for Contra Costa County Public Works Dept</i>					<u>\$3,070.52</u>	<u>\$0.00</u>		<u>\$3,070.52</u>

City of Clayton

Open Invoice Report

Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
Digital Services								
Digital Services	4/21/2021	4/21/2021	11889	IT serviecs 3/4/21-4/21/21	\$3,274.99	\$0.00		\$3,274.99
				<i>Totals for Digital Services</i>	<u>\$3,274.99</u>	<u>\$0.00</u>		<u>\$3,274.99</u>
Entenmann-Rovin Co								
Entenmann-Rovin Co	3/5/2021	3/5/2021	0165741	Flat badge	\$136.46	\$0.00		\$136.46
				<i>Totals for Entenmann-Rovin Co</i>	<u>\$136.46</u>	<u>\$0.00</u>		<u>\$136.46</u>
Harris & Associates, Inc.								
Harris & Associates, Inc.	8/11/2020	8/11/2020	45704	Project engineering svcs 6/28/20-7/25/20	\$440.00	\$0.00		\$440.00
Harris & Associates, Inc.	10/27/2020	10/27/2020	46503	Project engineering svcs 8/23/20-9/26/20	\$1,980.00	\$0.00		\$1,980.00
				<i>Totals for Harris & Associates, Inc.</i>	<u>\$2,420.00</u>	<u>\$0.00</u>		<u>\$2,420.00</u>
HdL Coren & Cone								
HdL Coren & Cone	4/23/2021	4/23/2021	SIN008252	Contract svcs Property Tax Q4 FY 2021	\$1,822.50	\$0.00		\$1,822.50
				<i>Totals for HdL Coren & Cone</i>	<u>\$1,822.50</u>	<u>\$0.00</u>		<u>\$1,822.50</u>
Health Care Dental Trust								
Health Care Dental Trust	4/19/2021	4/19/2021	294936	Dental May 2021	\$1,683.43	\$0.00		\$1,683.43
				<i>Totals for Health Care Dental Trust</i>	<u>\$1,683.43</u>	<u>\$0.00</u>		<u>\$1,683.43</u>
ICMA Retirement Corporation								
ICMA Retirement Corporation	4/18/2021	4/18/2021	041821	457 Plan contributions PPE 4/18/21	\$2,209.62	\$0.00		\$2,209.62
ICMA Retirement Corporation	4/8/2021	4/8/2021	45343	Plan fee Q4 FY 2021	\$125.00	\$0.00		\$125.00
				<i>Totals for ICMA Retirement Corporation</i>	<u>\$2,334.62</u>	<u>\$0.00</u>		<u>\$2,334.62</u>
J&R Floor Services								
J&R Floor Services	4/30/2021	4/30/2021	Four2021	Janitorial svcs April 2021	\$3,765.00	\$0.00		\$3,765.00
				<i>Totals for J&R Floor Services</i>	<u>\$3,765.00</u>	<u>\$0.00</u>		<u>\$3,765.00</u>
Nationwide								
Nationwide	4/18/2021	4/18/2021	041821	457 Plan contributions PPE 4/18/21	\$500.00	\$0.00		\$500.00
				<i>Totals for Nationwide</i>	<u>\$500.00</u>	<u>\$0.00</u>		<u>\$500.00</u>
Pacific Office Automation								
Pacific Office Automation	4/14/2021	4/14/2021	214449	Copier lease pmt 49 of 60	\$106.58	\$0.00		\$106.58
				<i>Totals for Pacific Office Automation</i>	<u>\$106.58</u>	<u>\$0.00</u>		<u>\$106.58</u>
Paychex								
Paychex	4/18/2021	4/18/2021	2021041901	Payroll fees PPE 4/18/21	\$230.50	\$0.00		\$230.50
				<i>Totals for Paychex.</i>	<u>\$230.50</u>	<u>\$0.00</u>		<u>\$230.50</u>
Pond M Solutions								
Pond M Solutions	4/7/2021	4/7/2021	7057	Fountain maintenance February 2021	\$650.00	\$0.00		\$650.00
Pond M Solutions	4/7/2021	4/7/2021	7058	Fountain maintenance March 2021	\$650.00	\$0.00		\$650.00

City of Clayton

Open Invoice Report

Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
Pond M Solutions	4/7/2021	4/7/2021	7059	Fountain maintenance April 2021	\$650.00	\$0.00		\$650.00
				<i>Totals for Pond M Solutions</i>	<i>\$1,950.00</i>	<i>\$0.00</i>		<i>\$1,950.00</i>
Quadient Leasing USA, Inc								
Quadient Leasing USA, Inc	4/14/2021	4/14/2021	N8826182	Postage machine lease 2/16/21-5/15/21	\$512.53	\$0.00		\$512.53
Quadient Leasing USA, Inc	4/19/2021	4/19/2021	16363888	Ink for postage machine	\$255.45	\$0.00		\$255.45
				<i>Totals for Quadient Leasing USA, Inc</i>	<i>\$767.98</i>	<i>\$0.00</i>		<i>\$767.98</i>
Site One Landscape Supply, LLC								
Site One Landscape Supply, LLC	4/14/2021	4/14/2021	107998298-001	Irrigation parts	\$313.43	\$0.00		\$313.43
Site One Landscape Supply, LLC	4/13/2021	4/13/2021	107936309-001	Irrigation parts	\$186.92	\$0.00		\$186.92
Site One Landscape Supply, LLC	4/6/2021	4/6/2021	107676627-001	Irrigation parts	\$424.20	\$0.00		\$424.20
				<i>Totals for Site One Landscape Supply, LLC</i>	<i>\$924.55</i>	<i>\$0.00</i>		<i>\$924.55</i>
Spraytec								
Spraytec	3/26/2021	3/26/2021	16801	Wastewater parts	\$246.07	\$0.00		\$246.07
				<i>Totals for Spraytec.</i>	<i>\$246.07</i>	<i>\$0.00</i>		<i>\$246.07</i>
Swenson's Mobile Fleet Repair								
Swenson's Mobile Fleet Repair	2/22/2021	2/22/2021	I002556	PW vehicle maint '15 F250	\$62.50	\$0.00		\$62.50
Swenson's Mobile Fleet Repair	4/13/2021	4/13/2021	I002808	PW vehicle maint '99 F-450	\$430.57	\$0.00		\$430.57
				<i>Totals for Swenson's Mobile Fleet Repair</i>	<i>\$493.07</i>	<i>\$0.00</i>		<i>\$493.07</i>
TRC Environmental Corporation								
TRC Environmental Corporation	4/15/2021	4/15/2021	469258	Planning service through 4/9/21	\$4,100.45	\$0.00		\$4,100.45
				<i>Totals for TRC Environmental Corporation</i>	<i>\$4,100.45</i>	<i>\$0.00</i>		<i>\$4,100.45</i>
Waraner Brothers Tree Service								
Waraner Brothers Tree Service	4/14/2021	4/14/2021	15645	Tree work London Ct	\$2,400.00	\$0.00		\$2,400.00
Waraner Brothers Tree Service	4/14/2021	4/14/2021	15646	Tree work pruning, various streets	\$21,000.00	\$0.00		\$21,000.00
				<i>Totals for Waraner Brothers Tree Service</i>	<i>\$23,400.00</i>	<i>\$0.00</i>		<i>\$23,400.00</i>
GRAND TOTALS:					\$138,779.99	\$0.00		\$138,779.99

CASH REQUIREMENTS

CASH REQUIRED FOR NEGOTIABLE CHECKS &/OR ELECTRONIC FUNDS TRANSFERS (EFT) FOR CHECK DATE 04/21/21: \$79,461.29

IMPORTANT COVID-19 INFORMATION: If you filed IRS Form 7200, please notify your Paychex representative to avoid owing a balance at the end of the quarter and ensure your Form 941 is accurate.

TRANSACTION SUMMARY

SUMMARY BY TRANSACTION TYPE -	TOTAL ELECTRONIC FUNDS TRANSFER (EFT)	79,239.76
	TOTAL NEGOTIABLE CHECKS	221.53
	CASH REQUIRED FOR NEGOTIABLE CHECKS &/OR EFT	79,461.29
	TOTAL REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES	14,073.34
	CASH REQUIRED FOR CHECK DATE 04/21/21	93,534.63

TRANSACTION DETAIL

ELECTRONIC FUNDS TRANSFER - Your financial institution will initiate transfer to Paychex **at or after 12:01 A.M.** on transaction date.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		BANK DRAFT AMOUNTS & OTHER TOTALS
04/20/21	BANK OF AMERICA, NA	xxxxxxx799	Direct Deposit	Net Pay Allocations	58,777.01	
04/20/21	BANK OF AMERICA, NA	xxxxxxx799	Direct Deposit	Deductions with Direct Deposit	603.50	59,380.51
04/20/21	BANK OF AMERICA, NA	xxxxxxx799	Readychex®	Check Amounts	1,485.51	1,485.51
				EFT FOR 04/20/21		60,866.02
04/21/21	BANK OF AMERICA, NA	xxxxxxx799	Taxpay®	Employee Withholdings		
				Medicare	1,267.62	
				Fed Income Tax	11,606.96	
				CA Income Tax	4,231.53	
				Total Withholdings	17,106.11	
				Employer Liabilities		
				Medicare	1,267.63	
				Total Liabilities	1,267.63	18,373.74
				EFT FOR 04/21/21		18,373.74
				TOTAL EFT		79,239.76

NEGOTIABLE CHECKS - Check amounts will be debited when payees cash checks. Funds must be available on check date.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		TOTAL
04/21/21	BANK OF AMERICA, NA	xxxxxxx799	Payroll	Check Amounts	221.53	
				TOTAL NEGOTIABLE CHECKS		221.53



AGENDA REPORT

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: MALA SUBRAMANIAN, CITY ATTORNEY

DATE: MAY 4, 2021

SUBJECT: DEFENSE AND INDEMNIFICATION AGREEMENT WITH EAST CONTRA COSTA COUNTY HABITAT CONSERVANCY

RECOMMENDATION

Staff recommends that the City Council authorize the City Attorney to execute the Defense and Indemnification Agreement with the East Contra Costa County Habitat Conservancy.

BACKGROUND

In 2007, the cities of Brentwood, Clayton, Oakley, Pittsburg and the County formed a joint powers authority known as the East Contra Costa County Habitat Conservancy ("Conservancy") for purposes of implementing the East Contra Costa County Habitat Conservation Plan and Natural Community Conservation Plan. The Cities and the County adopted Plan implementation fees and future updates to those fees are recommended. Given the potential for legal challenges related to the Plan and implementation fees, the Conservancy has agreed to indemnify the Cities and the County through a Defense and Indemnification Agreement ("Agreement").

DISCUSSION

The proposed Agreement commits the Conservancy to defend, indemnify and hold harmless the City and other parties from claims related to the Plan, fees and the fee adjustments that have been recommended by the Conservancy planned for 2022.

FISCAL IMPACTS

None.

ATTACHMENT

East Contra Costa County Habitat Conservancy Defense & Indemnification Agreement

DEFENSE AND INDEMNIFICATION AGREEMENT

This defense and indemnification agreement (“**Agreement**”) is entered into by and among County of Contra Costa, a political subdivision of the State of California (“**County**”), and the cities of Brentwood (“**Brentwood**”), Clayton (“**Clayton**”), Oakley (“**Oakley**”), Pittsburg (“**Pittsburg**”), each a municipal corporation (individually a “**Participating Agency**” and together “**Participating Agencies**”), and the East Contra Costa County Habitat Conservancy (“**Conservancy**”), by and through their undersigned counsel, including all employees, agents, representatives, legal assistants, staff, and agents of such counsel (collectively, the “**Parties**,” and each a “**Party**”). This Agreement is dated April 5, 2021 for the convenience of the Parties. The Agreement takes effect upon execution as provided for in Section 7.

RECITALS

- A. In 2007, the Cities and County formed a joint powers authority (the Conservancy) for purposes of implementing the East Contra Costa County Habitat Conservation Plan and Natural Community Conservation Plan (“**Plan**”) as authorized under state and federal law.
- B. To ensure that the Plan implementation fees generated by development and other covered activities adequately cover a share of Plan costs, the Plan requires a fee audit in years 3, 6, 10, 15, 20, and 25 of Plan implementation, where year 1 is the first full calendar year of Plan implementation (see Chapter 9 of the Plan). In 2007, the Cities and County adopted Plan implementation fees pursuant to the Plan (“**2007 Fees**”) and began collecting the fees in 2008. Consistent with the financial planning presented in Chapter 9 of the Plan, 2007 is year 0, 2008 is year 1, and 2016 is year 9 of Plan implementation.
- C. The Conservancy has completed an evaluation of existing Plan implementation fees and conservancy expenditures for year 10 (2017) as required by the Plan, based on data as of December 31, 2016 (year 9), and has recommended an updated implementation fee schedule for adoption by the Participating Agencies (the “**2017 Fees**”). The next audit is required in year 15, or 2022.
- D. Interested parties have submitted written and oral comments to the Conservancy regarding previous Plan fee audits and Conservancy recommendations for updated Plan implementation fees, which comments asserted legal error with respect to the Plan and Plan fees and the required periodic review of Plan fees and Conservancy expenses.
- E. The Parties have concluded there is a substantial likelihood of:
 - 1) continued administrative challenges; and
 - 2) litigation to be filed against the Conservancy, Cities, and County collectively and/or individually, challenging the proposed and existing fees, as well as a potential legal challenge to the Plan and the Conservancy’s actions and recommendations (individually and together the “**Covered Action**,” as defined in Section 2, below).

- F. The comments made by interested third parties pertain to facts and legal issues common to the Parties, and the Parties, as anticipated potential defendants, acknowledge that they share a common interest in defending against claims made by third parties, and they may wish to make joint efforts in preparation against any defense of anticipated actions or proceedings.
- G. The Parties have informally cooperated as to the overall actions of the Conservancy, the Plan, along with the proposed revisions to existing fees as well as the required periodic fee audits. The Parties wish to continue pursuing their separate, but common, interests in connection with the defense of the Plan, existing fees and proposed fees, and the periodic fee audits while sharing otherwise privileged information relevant to collective interests, and to make clear that, in doing so, they do not waive nor intend to waive any applicable privilege or other protection, whether attorney-client privilege, the work product doctrine, or any other protection available by law.

THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. Cooperation in Defense in Any Future Action.

The Parties shall cooperate in any Covered Action, as defined in Section 2, below, by and through their respective attorneys, and shall be subject to the terms of this Agreement.

2. Scope of Covered Actions.

Actions covered by this Agreement (each a “**Covered Action**”) involve any claim, action, or proceeding brought against a Participating Agency which seeks to invalidate (including injunctive and declaratory relief), either facially or as applied to an individual property owner or applicant, any of the following:

- a. The Plan;
- b. The Participating Agency’s 2007 Fees;
- c. The Participating Agency’s 2017 Fees, provided the 2017 Fees conform to the recommendation of the Conservancy Board as adopted on February 22, 2021;
- d. The Participating Agency’s 2022 Fees, provided the 2022 Fees conform to the recommendation of the Conservancy Board; or
- e. The five year accounting as required by Government Code section 66001 as performed in 2018.

Covered Actions do not include any claims, actions, or proceedings brought solely on grounds that a Participating Agency failed to satisfy all procedural steps (e.g., public notice, hearing, availability of public documents) in advance of the adoption of the 2017 Fees, or any claim arising from the intentional misconduct of the Participating Agency’s officers or employees.

3. Defense and Indemnity.

- a. Conservancy agrees to defend, indemnify, and hold harmless each Participating Agency, its agents, officers and employees from any claim, action, or proceeding against the Participating Agency or its agents, officers or employees for any Covered Action, as defined in Section 2, or actions seeking to impose personal liability against such officers,

agents, or employees resulting from their involvement in any and all proceedings or actions taken by a Participating Agency in connection with any Covered Action, as defined in Section 2. The Conservancy's duty to defend, indemnify, and hold harmless each Participating Agency shall include any claim for attorney's fees, costs of court, or expenses of litigation claimed by or awarded to any third-party in the Covered Action.

b. The Participating Agency will promptly notify Conservancy of any such claim, action, or proceeding that comes to the Participating Agency's attention.

c. Through legal counsel, Conservancy shall keep the defendant Participating Agency informed of the status of litigation, and at the option of the defendant Participating Agency, shall periodically consult with respect to the litigation. At the option of the defendant Participating Agency, the attorneys for the Conservancy and the Participating Agency's attorneys will jointly determine litigation strategy in any claim, action, or proceeding. At the option of the defendant Participating Agency and at no additional cost to the Conservancy, the defendant Participating Agency's attorneys will participate with the Conservancy's attorneys in any portion of the claim, action, or proceeding, including reviewing pleadings prior to filing, and participation in settlement discussion, mediation, and settlement conferences.

d. The Conservancy and each defendant Participating Agency will cooperate to negotiate mutually agreeable terms of settlement of any claim, action or proceeding involving a Covered Action. Conservancy shall not be required to pay or perform any settlement of such claim, action, or proceeding unless the settlement is approved in writing by Conservancy or its designees and the Participating Agency shall not be required to pay or perform any settlement of such claim, action, or proceeding unless the settlement is approved in writing by Participating Agency. Each Participating Agency shall retain complete discretion to approve or disapprove any proposed settlement of any claim, action, or proceeding involving a Covered Action. The Participating Agency shall not be required to consent to any settlement of such claim, action, or proceeding that imposes any financial liability upon the Participating Agency unless Conservancy agrees to fully assume, pay, and discharge such liability at no cost to the Participating Agency, and provides the Participating Agency with adequate security to ensure that such liability will be fully paid and discharged by the Conservancy. In the event that a Participating Agency and the Conservancy are unable to agree upon the terms and conditions of a settlement, a Participating Agency shall have the option to settle the Covered Action on terms within its sole discretion; however, the Conservancy shall not be required to pay any sums as part of the settlement.

e. The Parties shall cooperate with each other. A Participating Agency subject to a Covered Action and this Agreement shall, at no expense to the Conservancy, provide staff other than legal staff as reasonably necessary to respond to litigation.

f. A Participating Agency may, at its sole discretion and its sole expense, elect to participate in the defense of any Covered Action.

g. The Conservancy may elect to provide defense of matters not defined as a Covered Action which are filed in conjunction with a Covered Action. The Conservancy shall promptly notify a Participating Agency, in writing, of any limitation of coverage under this Agreement.

h. These defense and indemnity provisions shall constitute the sole and exclusive remedy for any claim that each Participating Agency may have against Conservancy arising out of or related to any claim, action, or proceeding against a Participating Agency or its agents, officers, or employees for any Covered Action as defined in Section 2.

4. Independent Representation.

Nothing in this Agreement shall be construed to affect, constrain, or inhibit the separate and independent representation of each Party by its respective counsel according to what counsel believes to be in that Party's best interests. The Parties recognize each other's right to conduct separate research, investigations and witness interviews, and devise separate legal strategies, without necessarily sharing any such information with any other Party to this Agreement. Nothing contained herein shall be deemed to create an attorney-client relationship between any Party and attorney that does not represent that Party.

5. No Disqualification of Counsel.

The fact that any counsel has executed this Agreement on behalf of a Party shall not be used as a basis for seeking to disqualify such counsel from representing that Party in any proceeding, and no counsel who has executed this Agreement on behalf of a Party shall be disqualified from examining or cross-examining any other Party's witnesses who testify in any proceeding because of such counsel's execution of the Agreement. The Parties further agree that each Party's attorneys may examine or cross-examine any other Party's witnesses who testify in any judicial proceeding.

6. Termination.

A Party may withdraw from this Agreement at any time by notifying counsel for the other Parties of its withdrawal from the Agreement, which will thereupon be terminated as to that Party. This Agreement shall expire upon the formal action of the Conservancy Board to recommend updated Plan implementation fees based on a periodic fee audit, which is currently scheduled for review in 2022.

7. Addition of Parties.

This Agreement shall be binding upon and as between the Parties executing it. This Agreement shall take effect upon execution by at least two Parties, and shall take effect as to each other Party on the date that Party executes it. The inclusion of the signature blocks is for convenience only, and the execution by all named Parties is not a condition precedent to its legal effectiveness. Upon written consent of each Party that has executed this Agreement, parties other than the Participating Agencies and the Conservancy may be permitted to join in this Agreement in the future.

8. Modification.

No modification of this Agreement shall be effective unless it is in writing and signed by all Parties that, at the time the modification is made, are signatories to this Agreement.

9. No Waiver.

No Party shall have the authority to waive any applicable privilege or doctrine on behalf of any other Party. No waiver of any privilege or doctrine by the conduct of any Party shall be applicable to any other Party.

10. No Third-Party Beneficiaries.

Unless specifically set forth, nothing in this Agreement is intended to, nor shall it be construed to, create rights inuring to the benefit of third parties.

11. Governing Law.

This Agreement shall be governed by the laws of the State of California.

12. Authority.

Each of the undersigned attorneys has been authorized by the Party that he or she represents to execute this Agreement on behalf of that Party.

13. Counterparts and Facsimile Signatures.

This Agreement may be executed in counterparts. A scanned or facsimile copy containing an authorized signature shall be deemed an original.

IN WITNESS WHEREOF the following counsel hereby execute and deliver this Agreement on behalf of themselves and their respective clients.

J. CHRISTOPHER BEALE
CONSERVANCY COUNSEL

By: J. Christopher Beale
Attorney for EAST CONTRA COSTA COUNTY
HABITAT CONSERVANCY

Dated: _____, 2021

SHARON L. ANDERSON
COUNTY COUNSEL

By: Thomas L. Geiger
Assistant County Counsel
Attorneys for CONTRA COSTA COUNTY

Dated: _____, 2021

DAMIEN BROWER

By: Damien Brower
City Attorney
Attorney for CITY OF BRENTWOOD

Dated: _____, 2021

MALATHY SUBRAMANIAN

By: Malathy Subramanian
City Attorney
Attorney for CITY OF CLAYTON

Dated: _____, 2021

DEREK COLE

By: Derek Cole
City Attorney
Attorney for CITY OF OAKLEY

Dated: _____, 2021

DONNA MOONEY

By: Donna Mooney
City Attorney
Attorney for CITY OF PITTSBURG

Dated: _____, 2021



AGENDA REPORT

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: MALA SUBRAMANIAN, CITY ATTORNEY

DATE: MAY 4, 2021

SUBJECT: FIFTH AMENDMENT TO TOLLING AGREEMENT EXTENDING THE LIMITATIONS PERIOD TO FILE A LEGAL CHALLENGE BY WEST COAST HOMEBUILDERS, INC.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to execute the Fifth Amendment to the Tolling Agreement.

BACKGROUND AND DISCUSSION

On May 11, 2016, City and West Coast Homebuilders ("WCHB") entered into a Tolling Agreement extending the limitations period to file a legal challenge, under which the parties agreed to waive the applicable statute of limitations in which WCHB was required to file an action challenging City's disapproval of a final map for a 5-lot subdivision on APN 119-070-008 ("Tolling Agreement"). On November 16, 2016, City and WCHB entered into a First Amendment extending the Waiver Period to May 8, 2017, a Second Amendment extended the Waiver Period to November 8, 2017, a Third Amendment extended the Waiver Period to May 8, 2018, and a Fourth Amendment extended the Waiver Period to June 1, 2021.

The parties desire to further extend the Tolling Agreement until December 31, 2021 to allow the City to process the Oak Creek Canyon Project and avoid unnecessary litigation.

FISCAL IMPACTS

None.

ATTACHMENT

Fifth Amendment to Tolling Agreement

**FIFTH AMENDMENT
TO
TOLLING AGREEMENT EXTENDING
THE LIMITATIONS PERIOD TO FILE A LEGAL CHALLENGE
BY WEST COAST HOMEBUILDERS, INC.**

THIS FIFTH AMENDMENT TO TOLLING AGREEMENT (“**Fifth Amendment**”) shall be effective as of the ____ day of May, 2021 (“**Effective Date**”), by and between the **CITY OF CLAYTON**, a municipal corporation (“**City**”), and **WEST COAST HOME BUILDERS, INC.**, a California corporation (“**WCHB**”), with reference to the following facts:

R E C I T A L S

WHEREAS, on May 11, 2016, City and WCHB entered into a Tolling Agreement Extending the Limitations Period to File a Legal Challenge, under which the parties agreed to waive the applicable statute of limitations in which WCHB was required to file an action challenging City’s disapproval of the Final Map. On November 16, 2016, City and WCHB entered into a First Amendment extending the Waiver Period an additional one hundred eighty (180) days with such Waiver Period expiring on May 8, 2017, a Second Amendment extending the Waiver Period an additional one hundred eighty (180) days expiring on November 8, 2017, a Third Amendment extending the Waiver Period an additional one hundred eighty (180) days expiring on May 8, 2018, and a Fourth Amendment extending the Waiver Period an additional one thousand one hundred and twenty days (1,120) expiring on June 1, 2021(collectively, the “**Agreement**”).

WHEREAS, City and WCHB desire to amend the Agreement on each and all of the terms, provisions, and conditions contained herein.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing Recitals, as well as other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree as follows:

1. All capitalized terms used herein, but not otherwise defined herein, shall have the meanings set forth in the Agreement.
2. The parties hereto agree that the Recitals set forth above are true and correct and are incorporated into this Fifth Amendment.
3. The parties hereto agree that the Waiver Period shall be extended to the earlier to occur of: (i) December 31, 2021; or (ii) until a final determination is made by the City on the Oak Creek Canyon Project, which includes ENV-02-16, MAP-01-16, GPA-02-18, SPA-01-18, ZOA-02-18, DP-01-19, TRP-31-19, and if approved, until all approved entitlements have taken effect.

4. The Agreement, as modified by this Fifth Amendment, is hereby reaffirmed, ratified, and confirmed in its entirety. Except as modified by this Fifth Amendment, the terms and provisions of the Agreement shall remain unchanged. If there is any conflict between the terms of the Agreement and this Fifth Amendment, the terms and provisions of this Fifth Amendment shall control and prevail.

5. This Fifth Amendment, and the terms, covenants and conditions herein contained, shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, and assigns.

IN WITNESS WHEREOF, the parties have executed this Fifth Amendment as of the Effective Date.

CITY OF CLAYTON,
a municipal corporation

WEST COAST HOME BUILDERS, INC.,
a California corporation

By: _____
City Manager

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

By: _____
City Attorney

By: _____
Name: _____
Its: _____



STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: Janet Calderon, City Clerk

DATE: May 4, 2021

SUBJECT: Council Appointment of Michelle Berman to the Contra Costa Advisory Council on Aging as Clayton's representative for the term through September 30, 2023.

RECOMMENDATION

By minute motion, confirm the nomination by the Mayor Wolfe and appoint Michelle Berman to the serve as the City of Clayton's representative on the Contra Costa Advisory Council on Aging through September 30, 2023.

BACKGROUND

With the December 2020 resignation of Mr. Ron Tervelt as Clayton's representative on the Contra Costa Advisory Council on Aging, the City advertised the advisory position on the City's website and its public posting boards. However, no interest surfaced and the City's position remained vacant for an extended period of time.

In April 2021 the County Clerk received an application from Clayton resident Michelle Berman to serve on the Advisory Council on Aging. In March 2021, Ms. Berman contacted the Clayton City Clerk expressing interest in exclusively representing her home town as the Clayton delegate to the Advisory Council.

FISCAL IMPACT

None.

Attachment: Application and Resume from Michelle Berman (6 pg.)



Contra Costa County

Please return completed applications to:

Clerk of the Board of Supervisors

1025 Escobar Street, 1st Floor

Martinez, CA 94553

or email to: ClerkofTheBoard@cob.cccounty.us

BOARDS, COMMITTEES, AND COMMISSIONS APPLICATION

First Name

Michelle

Last Name

Berman

Home Address - Street

City

Clayton

Zip Code

94517

Phone (best number to reach you)

Email

Resident of Supervisorial District:

☒ Yes

EDUCATION

Check appropriate box if you possess one of the following:

☒ High School Diploma

☐ CA High School Proficiency Certificate

☐ G.E.D. Certificate

Colleges or Universities Attended

Course of Study/Major

Degree Awarded

California State University, Hayward

B.A. Human Development

☒ Yes

☐ No

Arizona State University, AZ

M.S. Family and Human Development (current)

☐ Yes

☒ No

☐ Yes ☐ No

Other Training Completed:

Leadership Development, Harassment Prevention, Diversity

Board, Committee or Commission Name

Area Council on Aging

Seat Name

Representative for the City of Clayton

Have you ever attended a meeting of the advisory board for which you are applying?

☐ No

☒ Yes

If yes, how many?

1

Please explain why you would like to serve on this particular board, committee, or commission.

As a retiree and resident of Clayton for over 18 years, I am interested in volunteering in a capacity that will serve the aging population boom in CA. Currently, I am pursuing a Masters' degree in Family and Human Development with a specialization on Aging and the Life Course. It would be an honor to serve and contribute in an effort to make a difference in our County specific to aging seniors.

Describe your qualifications for this appointment. (NOTE: you may also include a copy of your resume with this application)

Demonstrated over 25 years in a successful career working in large corporations with individuals across numerous departments and divisions (project management, employee relations, client relationship mangement, and talent management).

Please see attached resume for career summary and professional experience.

I am including my resume with this application:

Please check one:

☒ Yes

☐ No

I would like to be considered for appointment to other advisory bodies for which I may be qualified.

Please check one:

☐ Yes

☒ No

Are you currently or have you ever been appointed to a Contra Costa County advisory board?

Please check one: ☐ Yes ☒ No

List any volunteer and community experience, including any boards on which you have served.

Habitat for Humanity
Love a Child Mission
Food Bank of CC and Solano
Crisis Pregnancy Center

No board experience to date

Do you have a familial relationship with a member of the Board of Supervisors? (Please refer to the relationships listed below or Resolution no. 2011/55)

Please check one: ☐ Yes ☒ No

If Yes, please identify the nature of the relationship:

Do you have any financial relationships with the county, such as grants, contracts, or other economic relationships?

Please check one: ☐ Yes ☒ No

If Yes, please identify the nature of the relationship:

I CERTIFY that the statements made by me in this application are true, complete, and correct to the best of my knowledge and belief, and are made in good faith. I acknowledge and understand that all information in this application is publicly accessible. I understand and agree that misstatements and/or omissions of material fact may cause forfeiture of my rights to serve on a board, committee, or commission in Contra Costa County.

Signed: Michelle Berman Date: 4/8/21

Submit this application to: ClerkofTheBoard@cob.cccounty.us **OR** Clerk of the Board of Supervisors
1025 Escobar Street, 1st Floor
Martinez, CA 94553

Questions about this application? Contact the Clerk of the Board at (925) 655-2000 or by email at ClerkofTheBoard@cob.cccounty.us

Important Information

1. This application and any attachments you provide to it is a public document and is subject to the California Public Records Act (CA Government Code §6250-6270).
2. All members of appointed bodies are required to take the advisory body training provided by Contra Costa County.
3. Members of certain boards, commissions, and committees may be required to: 1) file a Statement of Economic Interest Form also known as a Form 700, and 2) complete the State Ethics Training Course as required by AB 1234.
4. Meetings may be held in various locations and some locations may not be accessible by public transportation.
5. Meeting dates and times are subject to change and may occur up to two (2) days per month.
6. Some boards, committees, or commissions may assign members to subcommittees or work groups which may require an additional commitment of time.
7. As indicated in Board Resolution 2011/55, a person will not be eligible for appointment if he/she is related to a Board of Supervisors member in any of the following relationships: mother, father, son, daughter, brother, sister, grandmother, grandfather, grandson, granddaughter, great-grandfather, great-grandmother, aunt, uncle, nephew, niece, great-grandson, great-granddaughter, first-cousin, husband, wife, father-in-law, mother-in-law, daughter-in-law, stepson, stepdaughter, sister-in-law, brother-in-law, spouse's grandmother, spouse's grandfather, spouse's granddaughter, and spouses' grandson, registered domestic partner, relatives of a registered domestic partner as listed above.
8. A person will not be eligible to serve if the person shares a financial interest as defined in Government Code §87103 with a Board of Supervisors Member.

Michelle Berman, PHR, SHRM-CP

Career Summary

Self-motivated, results-driven, detail-oriented problem solver with over 25 years of Human Capital Management experience as a Human Resource practitioner in the Technology, Finance, and Sales/Service industries. Knowledge, skills and expertise in all aspects of Human Resources best practices including, Client Relationship Management, Project Management, Organizational Development and Consulting Management practices.

Professional Experience

ADP Comprehensive Services, Major Accounts - West Region/San Francisco Bay Area **Client Executive Relationship Manager - December 2011 – June 2017**

- Promoted to Executive Relationship Manager in 2014. Provided consulting services to twenty large organizations employing 1,000-3,000 employees
- Provided executive coaching to CEO's, CFO's, and/or Human Resource Executives daily
- Consulted on ADP products to companies investing in ADP solutions for Payroll, HR, Benefits, Reporting, Performance Management, Big Data Analytics, Compensation, and Document Cloud
- Responsible for retaining over 4.5 million of annual revenue
- Collaborated with external organizations; Oracle, iCIMS, Mercer, Merrill Lynch during integration systems management projects
- Managed 10 client migrations, spin offs, divestitures, M&A's during 4-year period
- Collaborated with internal product development, project management and payroll teams daily
- Co-project managed 5 large complex implementations that spanned up to twelve months or longer
- Elected by senior management to serve on 3 large scale project/initiative teams; Reorganizational Alignment Project, Communications committee, Employee Engagement committee
- Published Change Management communications across ADP's organization
- Led Change Management phases across 12 regional implementation teams in 6 U.S. Western states

ADP TotalSource, Small Business Services - West Region, Pleasanton, CA **Sr. Human Resources Business Partner – March 2007 to October 2011**

- Presided over 45+ companies to provide best practices on staffing decisions; discipline, harassment, performance improvement plans, restructuring and terminations; followed federal and state law best practices

- Managed 12 of ADP's largest accounts; 6.3M of annual revenue
- Delivered monthly trainings via on-site and virtual/PowerPoint presentations: Management 101, Harassment Prevention, Employee Discipline, Terminations
- Consulted with 45 C-level executives and HR staff on total compensation and benefits strategy annually
- Partnered with Mercer benefits brokers to present Health and Welfare new plan designs to 45 clients for annual benefits open enrollment via on-site and virtual meetings /PowerPoint presentations
- Consistently awarded high Quality Service Scores over course of 4+ years
- Delivered change management best practices to numerous companies during severe economic downturn; required restructuring and downsizing of staff
- Served on Project teams: Retention programs, YE Strategy programs
- Interviewed and determined best candidates to fill open team requisitions

Spherion Corporation — Outsourcing Division Western Region/Americas, San Ramon, CA
Director, Human Resources/Employee Relations - 2001 – 2003

- Reported to V.P. Employee Relations/Alpharetta, GA
- Managed five HR Supervisors located in 5 AT&T call centers in the U.S.
- Influential business partner to dozens of Executives, Department heads, and Operations Managers across multiple states/multiple locations for Western region, and across U.S. Americas; *Microsoft, IBM, Cisco, Hewlett Packard, and Morgan Stanley*
- Coached Executive Leadership on employment best practices
- Created and delivered corporate initiatives for Talent Management Cycle; Annual Performance Management and Development cycle, including annual performance evaluations, performance objectives, mid-year review, talent assessment, succession planning, and merit increases resulting in greater performance
- Delivered training to managers across organization; Employee Relations, Discipline, Training and Development, Performance Management
- Interfaced with various project teams across the U.S. on HR initiatives

BANK OF THE WEST —Walnut Creek, CA
Employment Officer – 1996 – 2000.

- Chiefly focused on employee recruitment, interview processes, selection, placement, retention, succession planning, career relocation and transfers/promotions of senior level positions utilizing broad recruiting strategies
- Directed the high volume employment function for multi-site/multi-location/multi-divisional financial institution including corporate, IT, and call center positions, employing over 3,200 employees.
- Coached internal Executive leadership on hiring best practices/recommendations

- Developed promotion program for succession planning within salary administration guidelines
- Enhanced company's university relations program, campus recruitment and job/career fair activity
- Presented job offers and salary negotiations to ensure attainment of hiring goals

Education

- Arizona State University – currently pursuing Masters' degree
 - M.S. Family and Human Development – current GPA 4.3
- California State University Hayward –
 - B.A. in Human Development, emphasis Organizational Development – GPA 3.43

Volunteer Work

Habitat for Humanity
Love a Child Mission

Professional Designations/Certifications

- Certified PHR (Professional in Human Resources), since 2001
- SHRM-CP (Certified Professional), since 2015

Professional affiliations

Society for Human Resources Management - SHRM
Northern CA Human Resources Association - NCHRA

Essential Leadership Development courses

- Thinking Strategically
- Sustaining Competitive Advantage
- The Imperatives of Innovation and Leadership in Strategy
- Leadership Essentials: Motivating Employees
- Leadership Essentials: Communicating Vision
- Leadership Essentials: Building Your Influence as a Leader
- Leadership Essentials: Leading with Emotional Intelligence
- Leadership Essentials: Leading Business Execution
- Leadership Essentials: Leading Innovation
- Leadership Essentials: Leading Change
- Leadership Essentials: Creating Your Own Leadership Development Plan
- Leading Teams: Building Trust and Commitment
- Leading Teams: Fostering Effective Communication and Collaboration
- Leading Teams: Motivating and Optimizing Performance
- Leading Teams: Dealing with Conflict

Strengths Finder (Gallup Corporation) – Most dominant Themes

- I. Strategic
- II. Achiever
- III. Focus
- IV. Responsibility
- V. Deliberative

declaring

May

as

"Jewish American Heritage Month"

WHEREAS, Jewish American Heritage Month is an annual recognition and celebration of month Jewish Americans achievements in and contributions to the Unites States of America; and

WHEREAS, depending on religious definitions and varying population data, the United States is home to the largest or second largest Jewish community in the world; and

WHEREAS, in 2012, the American Jewish population was estimated at between 5.5-8 million, depending on the definition of the term; and

WHEREAS, President George W. Bush announced that May would be Jewish American Heritage Month in April 2006; and

WHEREAS, the announcement was an achievement in the effort of the Jewish Museum of Florida and South Florida Jewish Community leaders for a celebration of Jewish Americans and Jewish American Heritage.

Now, Therefore, I, Carl Wolfe, Mayor, and on behalf of the entire Clayton City Council, proclaim May, as Jewish American Heritage Month in Clayton, CA and I encourage all residents to learn more about the heritage and contribution of Jewish Americans.

declaring

May

as

"Asian American Pacific Islander Heritage Month"

WHEREAS, Asian American Pacific Islander Heritage Month is a commemoration of the culture, traditions and history of Asian American and Pacific Islander people in the United States; and

WHEREAS, in 1978, Congress passed a joint Congressional Resolution to pay tribute to Asian Pacific American Heritage Week during the first week of May; and

WHEREAS, in 1992, the month of May was permanently designated as Asian Pacific American Heritage Month; and

WHEREAS, during Asian American Pacific Islander Heritage Month, communities commemorate the achievements and contributions of people who are Asian American Pacific Islander with community festivals, government-sponsored activities and educational activities for students; and

WHEREAS, in schools and classrooms, Asian American Pacific Islander Heritage Month is an excellent time to explore the rich history and culture of people who are Asian American Pacific Islander as well as analyzing the bias and discrimination faced by them; and

WHEREAS, as with other similarly themed months, it is important not to isolate exploration of Asian American Pacific Islander history and culture into one month during the year.

Now, Therefore, I, Carl Wolfe, Mayor, and on behalf of the entire Clayton City Council, proclaim May, as Asian American Pacific Islander Heritage Month in Clayton, CA and I call this observance to the attention of all of our citizens.

**declaring
May 5th
as
"Cinco de Mayo"**

WHEREAS, May 5, or Cinco de Mayo in Spanish, is celebrated each year as a date of great importance by the Mexican and Mexican-American communities; and

WHEREAS, the Cinco de Mayo holiday commemorates May 5, 1862, the date on which the Battle of Puebla was fought by Mexicans who were struggling for their independence and freedom; and

WHEREAS, Cinco de Mayo has become one of Mexico's most famous national holidays and is celebrated annually by nearly all Mexicans and Mexican-Americans north and south of the United States-Mexico border; and

WHEREAS, the Battle of Puebla was but one of the many battles that the courageous Mexican people won in their long and brave struggle for independence and freedom; and

WHEREAS, the French, confident that their battle-seasoned troops were far superior to the almost amateurish Mexican forces, expected little or no opposition from the Mexican army; and

WHEREAS, the French, army, which had not experienced defeat against any of Europe's finest troops in over half a century, sustained a disastrous loss at the hands of an outnumbered, ill-equipped, and ragged, but highly spirited and courageous, Mexican force; and

WHEREAS, after three bloody assaults upon Puebla in which over a thousand gallant Frenchmen lost their lives, the French troops were finally defeated and driven back by the outnumbered Mexican troops; and

WHEREAS, the courageous and heroic spirit that Mexican General Zaragoza and his men displayed during this historic battle can never be forgotten; and

WHEREAS, many brave Mexicans willingly gave their lives for the causes of justice and freedom in the Battle of Puebla on Cinco de Mayo; and

WHEREAS, the sacrifice of the Mexican fighters was instrumental in keeping Mexico from falling under European domination; and

WHEREAS, the Cinco de Mayo holiday is not only the commemoration of the rout of the French troops at the town of Puebla in Mexico, but is also a celebration of the virtues of individual courage and patriotism of all Mexicans and Mexican-Americans who have fought for freedom and independence against foreign aggressors; and

WHEREAS, Cinco de Mayo serves as a reminder that that foundation of the United States is built by people from many nations and diverse cultures who are willing to fight and die for freedom; and

WHEREAS, Cinco de Mayo also serves as a reminder of the close spiritual and economic ties between the people of Mexico and the people of the United States, and is especially important for the people of the southwestern States where millions of Mexicans and Mexican-Americans make their homes; and

WHEREAS, in a larger sense Cinco de Mayo symbolizes the right of a free people to self-determination, just as Benito Juarez once said, "El respeto al derecho ajeno es la paz" ("The respect of other people's rights is peace"); and

WHEREAS, many people celebrate during the entire week in which Cinco de Mayo falls.

Now, Therefore, I, Carl Wolfe, Mayor, and on behalf of the entire Clayton City Council, proclaim May 5, as Cinco de Mayo in Clayton, CA and I call this observance to the attention of all of our citizens.

declaring

May 15th

as

"Peace Officers Memorial Day"

WHEREAS, in every American community, law enforcement officers are committed to the preservation of life and property, risking their lives to protect us from all who would mock the law, providing protection, law and order and serving the cause of justice; and

WHEREAS, law enforcement officers, including members of the Clayton Police Department, accept a profound responsibility and work to uphold our laws, safeguard our rights and freedoms, and serve on the front lines in the fight against crime and terrorism; and

WHEREAS, we honor the heroism of all our law enforcement officers, especially those who have given their lives so that others might live, asking God's blessing for the families and friends they left behind; and

WHEREAS, by Joint Resolution approved October 1, 1962, as amended, Congress authorized and President Kennedy proclaimed May 15th of each year "Peace Officers Memorial Day", in honor of the Federal, State and municipal officers who have been killed or disabled in the line of duty, further designating the calendar week in which May 15 falls "Police Week," and has directed that flags be flown at half-staff on "Peace Officers Memorial Day", under Public Law 103-322, as amended; and

WHEREAS, across the nation, Police Week is observed with ceremonies, including the hanging of a blue bow or ribbon to honor law enforcement officers who have sacrificed their lives in the line of duty and to honor those who still strive to keep us safe.

Now, Therefore, I, Carl Wolfe, Mayor, and on behalf of the entire Clayton City Council, proclaim May 15, as "Peace Officers Memorial Day" in Clayton, CA and I encourage all citizens to express their deep appreciation to the men and women who risk their lives to guard and protect us.

declaring

May 15th

as

"Armed Forces Day"

WHEREAS, in times of war and peace alike, on land, at sea, in the skies, in cyberspace, and beyond Earth's atmosphere, the men and woman of our Nation's Armed Forces serve with honor and distinction and stand ready to selflessly defend our Nation; and

WHEREAS, on Armed Forces Day, we pay tribute to these patriots, whose work enables our country to shine always as a beacon of freedom and hope for the world; and

WHEREAS, throughout our Nation's history, our Armed Forces have protected our country, our liberty, and our founding principles; and

WHEREAS, today, many of our service members have been called into action on the home front to aid in our fight against a new type of enemy - the coronavirus; and

WHEREAS, our Guardsman, engineers, logisticians, and medical service members have provided critical lifesaving treatment, protective equipment, facilities, and other vital services and provision quickly and efficiently to those in need; and

WHEREAS, throughout this crisis, working to ease the burdens of healthcare workers and first responders, our Armed Forces can adapt to any challenge and succeed in any mission; and

WHEREAS, today, and every day, we reaffirm our unwavering support for the millions of American patriots who fill the ranks of our Armed Forces; and

WHEREAS, we are eternally grateful for every Solider, Sailor, Airman, Marine, Coast Guardsman, and member of the Space Force, and we deeply appreciate the sacrifices their families and loved ones make on our behalf.

Now, Therefore, I, Carl Wolfe, Mayor, and on behalf of the entire Clayton City Council, proclaim May 15, as "Armed Forces Day" in Clayton, CA and I encourage all citizens to learn more about military services.



AGENDA REPORT

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: REINA J. SCHWARTZ, CITY MANAGER

DATE: MAY 4, 2021

**SUBJECT: PROVIDE DIRECTION TO STAFF REGARDING THE PURCHASE OF
ADDITIONAL LIBRARY HOURS FOR FY2021/22**

RECOMMENDATION

Staff recommend that the City Council provide direction to the City Manager to notify the Contra Costa County Library that Clayton will not be purchasing additional library hours for FY2021/22.

BACKGROUND

The City of Clayton has long partnered with Contra Costa County to provide a local community branch of the County library system. Generally, the City has been responsible for covering costs associated with owning and operating the library facility, while the County pays for and provides all library services at the location for a base number of hours per week. In Clayton, county staff have also been augmented (pre-pandemic) by numerous volunteers coordinated via the Clayton Community Library Foundation.

For the last many years, that base level of service has been 35 hours per week. Cities then have been given the option of purchasing additional hours of service by funding those hours themselves. For years, Clayton has been purchasing nine additional hours to reach a total of 44 hours per week. The cost for Clayton has been \$12,554 per year for those additional hours and that amount has been the same for the past approximately ten years. This was significantly lower than what other cities in the County were paying for additional hours.

Early in 2020, the County notified the City that although the City's cost hasn't been increased for approximately 10 years, the County would honor that cost for FY2020/21, but Clayton would be required to pay the appropriate/current County cost for additional hours in future years.

DISCUSSION

For the upcoming year, the County has indicated that they will be increasing the base number of hours to 40 per week, up from the 35 hours per week. These additional hours will be provided at no cost to the City.

Further it should be noted that although Clayton had been supporting 44 hours per week prior to the pandemic, once library services restarted last year, the Clayton library has been providing curb-side service 40 hours per week. Even now that the library has re-opened to in-person services (effective April 27, 2021), the total number of hours per week remains at 40.

For the upcoming year, the County has indicated that if cities want to purchase additional hours, they would be required to purchase either 6, 12, or 16 additional hours per week; those will be the only choices for additional hours. For further information, please see Attachment 1 – PowerPoint Presentation Regarding Library Services for FY2021/22.

FISCAL IMPACTS

For Clayton, the cost to purchase the smallest number of additional hours (6) would be \$58,653, an increase of \$46,099. Please see Attachment 2 for additional information.

If the City Council chooses not to purchase additional library hours for FY2021/22, City costs associated with library services will be reduced by \$12,544. Those funds would then be available to cover other costs.

If the City Council chooses to purchase an additional six hours per week (the smallest increment available), the City budget would need to accommodate an additional \$46,099 in costs. That would significantly limit the capacity to cover other cost increases or priorities in the FY2021/22 budget. Some of these other cost increases include already agreed to salary increases for the miscellaneous employees, the cost of upcoming potential increases in pay for police officers and sergeants, as well as other general cost increases for fuel, utilities, supplies and equipment.

While ultimately the decision about whether to spend the additional \$46,099 will need to be confirmed with the adoption of the FY2021/22 budget, the County has asked that cities provide their commitment regarding additional hours by June 1st, which is why this item is before the City Council this evening. Over the course of the coming fiscal year, the demand for library hours can be monitored to determine whether additional hours might be needed in future years.

ATTACHMENTS

- Attachment 1: PowerPoint Slides Regarding Library Services FY2021/22
- Attachment 2: Communication from Contra Costa Library Regarding Cost of Additional Hours for FY2021/22
- Attachment 3: 2020 Contra Costa Library Annual Report



Beginning
July 1, 2021

40

Base Hours

Library Schedule

Antioch
Brentwood
Martinez
Moraga
Pinole
Pittsburg
San Pablo

For cities not paying for extra hours

Monday CLOSED

Tuesday 12-8

Wednesday 10-6

Thursday 10-6

Friday 9-5

Saturday 9-5

Extra Hours Menu

6 Extra Hours

46 Open Hours/Week

- Monday CLOSED
- Tuesday 10-8
- Wednesday 10-8
- Thursday 10-8
- Friday 9-5
- Saturday 9-5

12 Extra Hours

52 Open Hours/Week

- Monday 10-8
- Tuesday 10-8
- Wednesday 10-6
- Thursday 10-6
- Friday 9-5
- Saturday 9-5

16 Extra Hours

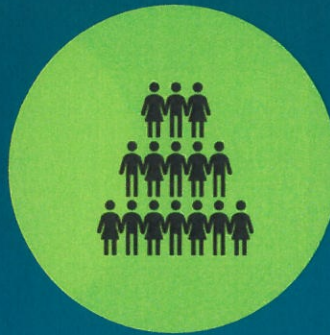
56 Open Hours/Week

- Monday 10-8
- Tuesday 10-8
- Wednesday 10-8
- Thursday 10-8
- Friday 9-5
- Saturday 9-5

Why?



CONSISTENT OPEN
HOURS FOR THE PUBLIC



CONSISTENT STAFFING



COSTS AND OPTIONS
ARE KNOWN UPFRONT

Contra Costa County Library

777 Arnold Drive, Suite 210
Martinez, California 94553-3633
(925) 608-7700
FAX (925) 608-7761

Contra Costa County

Alison McKee
County Librarian



March 31, 2021

Reina Schwartz, City Manager
City of Clayton
6000 Heritage Trail
Clayton, California 94517

Dear Ms. Schwartz:

The Library's FY 2021/22 budget has been submitted to the Board of Supervisors for their consideration.

Beginning in FY 2021/22, Contra Costa County will increase the number of weekly open hours provided at all full-service community libraries from 35 to 40 when the city provides and funds the facility-related costs. Starting on July 1, 2021, libraries open 35 hours each week will have a new schedule:

**Standard open hours
40 open hours per week**

Sunday/Monday CLOSED
Tuesday 12-8
Wednesday 10-6
Thursday 10-6
Friday 10-6
Saturday 10-6

Any city that would like to fund Extra Hours has the following standard options:

Option A 46 open hours per week 6 Extra Hours per week	Option B 52 open hours per week 12 Extra Hours per week	Option C 56 open hours per week 16 Extra Hours per week
Monday CLOSED Tuesday 10-8 Wednesday 10-8 Thursday 10-8 Friday 10-6 Saturday 10-6	Monday 10-8 Tuesday 10-8 Wednesday 10-6 Thursday 10-6 Friday 10-6 Saturday 10-6	Monday 10-8 Tuesday 10-8 Wednesday 10-8 Thursday 10-8 Friday 10-6 Saturday 10-6

If the City of Clayton would like to fund Extra Hours above the 40 base hours, the costs are as follows:

Option A: \$ 58,653	Option B: \$99,686	Option C: \$187,875
----------------------------	---------------------------	----------------------------

The county will be contributing \$638,146 towards 40 base hours at the Clayton Library. Additionally, the county continues to fund a collection of 1 million physical items for checkout, over 4 million ebooks and audiobooks, 35 electronic resources such as movies and newspapers, and administration of the 26 libraries within the county. Administration includes providing back of house support for computing and networking equipment, hiring and retention, shipping through three delivery routes, budget and finance support, and countywide coordination of programs and services to meet specific needs of each community.

For your reference and per the standard lease, within 60 days of receiving the Sublease Supplement, the City shall notify the Librarian in writing if it intends to modify the number of Extra Hours at the Library in the upcoming Fiscal Year. Such modification may be based on fiscal or other considerations identified by the City.

Thank you for your continued partnership in bringing library services to the City of Clayton.

Feel free to contact me if you have any questions.

Sincerely,



Alison McKee
County Librarian

cc: Karen Hansen-Smith, Senior Community Library Manager, Clayton Library
Lynne Noone, Acting Deputy County Librarian
Linda Martinez, Administrative Services Officer: Budget and Finance



CONTRA COSTA COUNTY LIBRARY

ANNUAL REPORT

2020



Two thousand twenty was a year of unprecedented and difficult challenges for the Library, as it was for the rest of the world. Not only did we find ourselves adjusting to the realities of COVID, we were also hit with ransomware and still recovering when libraries were ordered closed. As difficult as the year was, there were also many bright spots. The challenges we faced pushed us to find new ways to serve our patrons that increased staff efficiencies and removed many barriers. As a result of more than 70 staff members being deployed as disaster service workers, we forged stronger relationships with other county departments. We launched a multitude of online services for students and families to help them navigate working and schooling from home and expanded the services available to patrons who sign up for an eCard. The Library also started its journey to understand and address racial inequity. We are committed to doing the hard work of furthering the Library's goal of equitable access for all and in becoming an anti-racist institution.

We are looking forward to being on the other side of these very challenging times and welcoming the public back into our facilities in 2021.

Alison McKee
County Librarian

MOST POPULAR BOOKS

Let's Go For a Drive
by Mo Willems

EARLY READER

Lord of the Flies
by William Golding

TEEN READER

Diary of a Wimpy Kid: The Meltdown
by Jeff Kinney

MIDDLE READER

Eleanor Oliphant is Completely Fine
by Gail Honeyman

ADULT READER

VIRTUAL SERVICES

6,834

Chat Sessions

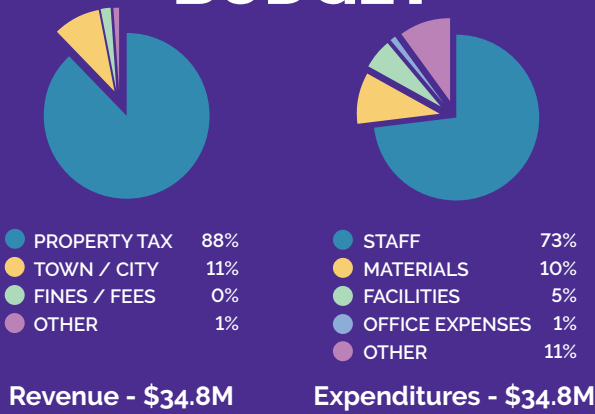
54,776

Texts

2,312

Emails

BUDGET



BY THE NUMBERS



OverDrive eBook checkouts
1.26M | 110%*

New York Times views
380,387
800%*

East Bay Times views
553,654
151%*



Kanopy
594,500
156%*



Flipster
545,784
34%*



New eCards
14,245



OverDrive Instant Digital Cards
10,295

*Percentages are based on increases from 2019 to 2020



FRONT DOOR SERVICE

ITEMS BORROWED
776,775

GRAB BAGS REQUESTED
19,101

APPOINTMENTS BOOKED
74,610



CONTRA COSTA COUNTY LIBRARY

ANNUAL REPORT

2020



COVID-19 RESPONSE

The Library provided space, staff and technology to help in the County's pandemic response.



76
Disaster Service
Workers

2
Testing Sites

3D PPE Printing Program

3,000+ printed clips = 200,000+ redeployed masks
*Urban Libraries Council Innovation Honorable Mention

COUNTYWIDE EVENTS IN PERSON / VIRTUAL



	# of Programs	Attendees
Children	918	53,380
Teens/Adults	1,529	101,143
Video/Streaming Storytime	108	42,836
Total	2,555	197,359

COUNTYWIDE READING PROGRAMS



SUMMER READING

2,517 participants



SPRING INTO READING

1,013 participants

COCO READS

Total checkouts
2,404



LUNCH PROGRAMS

7

Locations

12,071
Meals Served



How Much of
These Hills is Gold
by C Pam Zhang

NEW PLEASANT HILL LIBRARY PROJECT

- Genealogy collection moved to Walnut Creek Library
- Historical collection moved to Historical Society
- New Pleasant Hill Library Groundbreaking

BAY POINT LIBRARY



Increased open hours by **16.5 HOURS**

26
Locations

**District I
Supervisor
John Gioia**
El Cerrito
El Sobrante
Kensington
Pinole*
San Pablo

**District II
Supervisor
Candace Andersen**
Danville
Dougherty Station
Lafayette
Moraga
Orinda
San Ramon
Walnut Creek*

**District III
Supervisor
Diane Burgis**
Brentwood
Oakley
Prewett

**District IV
Supervisor
Karen Mitchoff**
Clayton
Concord
Pleasant Hill
Walnut Creek*
Ygnacio Valley

**District V
Supervisor
Federal Glover**
Antioch
Bay Point
Crockett
Hercules
Martinez
Pinole*
Pittsburg
Rodeo

*Shared library

The Contra Costa County Library is the pulse of the community. Working together, we spark imagination, fuel potential, and connect people with ideas and each other.



AGENDA REPORT

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: REINA J. SCHWARTZ, CITY MANAGER

DATE: MAY 4, 2021

SUBJECT: PROVIDE DIRECTION TO STAFF REGARDING POTENTIAL AMENDMENTS TO THE CITY MUNICIPAL CODE REGARDING OUTDOOR CANNABIS CULTIVATION

RECOMMENDATION

Staff recommend that the City Council receive a presentation and provide direction to City staff on whether to amend the City's Ordinance regarding Cannabis.

BACKGROUND

On March 2, 2021, Councilmember Jim Diaz requested that an item be brought to the City Council regarding a community member request to consider allowing for outdoor cannabis cultivation in Clayton.

FISCAL IMPACTS

If the City Council directs that changes be brought forward to the City's Municipal Code related to outdoor cannabis cultivation, there would be staff and City Attorney time to prepare the requested changes.

MINUTES
CLAYTON FINANCING AUTHORITY
REGULAR MEETING
November 20, 2018

1. **CALL TO ORDER AND ROLL CALL** - the meeting was called to order by President Haydon at 8:18 p.m. in Hoyer Hall of the Clayton Community Library, 6125 Clayton Road. Board of Directors present: President Haydon, Board Members Catalano, Diaz and Pierce. Board of Directors absent: Vice President Shuey. Staff members present: Executive Director Napper, Secretary Calderon, Finance Manager Mizuno and General Counsel Subramanian.
2. **CLOSED SESSION** – None.
3. **CONSENT CALENDAR** – It was moved by Board Member Catalano, seconded by Board Member Pierce, to approve the Consent Calendar as submitted. (Passed; 4-0 vote).
 - (a) Approved the minutes of the regular meeting of October 17, 2017.
 - (b) Approved the Clayton Financing Authority's unmodified opinion Audited Financial Statement for Fiscal Year 2017-2018.
4. **PUBLIC COMMENTS** – None.
5. **ACTION ITEMS** - None.
6. **BOARD ITEMS** – None.
7. **ADJOURNMENT**- On call by President Haydon the meeting adjourned at 8:19 p.m.

Respectfully submitted,

Janet Calderon, Secretary

Approved by
Board of Directors, Clayton Financing Authority

Keith Haydon, President



STAFF REPORT

TO: HONORABLE BOARD OF DIRECTORS

FROM: PAUL L. RODRIGUES, FINANCE DIRECTOR

DATE: May 4, 2021

**SUBJECT: AUDITED BASIC FINANCIAL STATEMENTS OF THE CLAYTON
FINANCING AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

RECOMMENDATION

Review and approve the Clayton Financing Authority's basic financial statements, including the unmodified opinion of the independent auditors' report issued by Cropper Accountancy Corporation for the fiscal year ended June 30, 2019.

BACKGROUND

The Joint Powers Agreement creating the Clayton Financing Authority (the CFA) was executed on December 4, 1990 between the City of Clayton and the Redevelopment Agency of the City of Clayton. The CFA is authorized to buy or issue bonds and other obligations that are secured in whole or in part by obligations or revenue sources of the member agencies. In May of 2007 the CFA issued \$5,060,000 in Special Tax Revenue Refunding Bonds (the 2007 Bonds) for the purpose of refunding the CFA's 1997 Special Tax Revenue Refunding Bonds, financing the acquisition and construction of certain public capital improvements, and to establish a reserve fund for the Bonds. The 2007 Bonds are secured by payments of debt service received by the CFA as owner of the City of Clayton "Middle School" Community Facilities District 1990-1 (the CFD) Special Tax Bonds, Refunding Series 1997 (the Local Obligations).

The Joint Powers Agreement for the CFA meets the criteria of a *Special District* as defined by California Government Code section 12463(d)(2). As a special district, Government Code section 26909 requires that an audit be completed and filed with the SCO within 12 months after the close of the fiscal year(s) under examination. Through an oversight, the audit for the year ending June 30, 2019 was not completed and filed in the standard timeframe.

DISCUSSION

The independent auditors (Cropper Accountancy Corp.) of the CFA's financial statements for the fiscal year ended June 30, 2019 issued an "unmodified opinion" over the statements' presentation in accordance with Generally Accepted Accounting Principles (GAAP) in all material respects. An unmodified opinion is a "clean" audit opinion, concluding that as a result of the independent auditors' audit procedures they did not identify any material uncorrected departures from GAAP in the underlying CFA financial statements.

Following the independent auditors' opinion letter, on pages 4 through 9, is Management's Discussion and Analysis (MD&A). Consistent with auditing standards, the MD&A is an unaudited section of the report, but provides useful insight into the financial results of the fiscal year being reported. The MD&A includes condensed comparative financial statements and an analysis of significant transactions and balances.

The CFA's basic financial statements are comprised of two major components: 1) the financial statements, and 2) the notes to the financial statements. The financial statements section includes a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

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

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the CFA's net position changed during the fiscal year. All changes in net position 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 the statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments of the CFA during the fiscal year. When used with related disclosures and information in the other financial statements, the information provided in this statement should help financial report users assess the CFA's ability to generate future net cash flows, its ability to meet its obligations as they become due and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on the CFA's financial position of its cash and its noncash investing, capital and related financing transactions during the period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 16 through 26 of the report.

The following are some financial highlights included in the report:

- The Authority's total assets are \$2,787,031. The primary asset of the Authority is the investment in the Clayton Community Facilities District (CFD) No. 1990-1 local obligations in the amount of \$1,696,000.
- The Authority's liabilities consisted mainly of the 2007 special tax revenue refunding bonds totaling \$1,550,000 as of June 30, 2019, which were secured by the CFD 1990-1 local obligations investment.
- The CFA has no paid employees nor any administrative charges levied to it by the City of Clayton for management of the special district.

FISCAL IMPACT

The acceptance of the audited financial statements for the year ended June 30, 2019 does not have any direct fiscal impact on the Authority but reflects the overall financial health of the Clayton Financing Authority.

Attachment 1 - Clayton Financing Authority Annual Financial Statement Report for the Year Ended June 30, 2019

Updated 4-20-2021

CLAYTON FINANCING AUTHORITY
ANNUAL FINANCIAL STATEMENT REPORT
YEAR ENDED JUNE 30, 2019

Updated 4-20-2021

Clayton Financing Authority
Basic Financial Statements – For the year ended June 30, 2019
Table of Contents

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
<i>Financial Statements:</i>	
Statement of Net Position.....	12
Statement of Revenues, Expenses, and Changes in Net Position.....	13
Statement of Cash Flows.....	14
<i>Notes to the Basic Financial Statements</i>	16
ADDITIONAL REPORT	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29

Updated 4-20-2021

Updated 4-20-2021

Updated 4-20-2021

**INDEPENDENT
AUDITORS' REPORT**

Updated 4-20-2021

This page intentionally left blank

INDEPENDENT AUDITORS' REPORT

To the Governing Body of
Clayton Financing Authority
City of Clayton, California

We have audited the accompanying financial statements of the Clayton Financing Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 - 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 on the results of that testing, and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
March 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2019**

As management of the Clayton Financing Authority (the Authority), we offer readers of our financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

- The Authority's total assets are \$2,787,031. The primary asset of the Authority is the investment in the Clayton Community Facilities District (CFD) No. 1990-1 local obligations in the amount of \$1,696,000.
- The Authority's liabilities consisted mainly of the 2007 special tax revenue refunding bonds totaling \$1,550,000 as of June 30, 2019, which are secured by the CFD 1990-1 local obligations investment.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements. Financial Statements are designed to provide readers with a broad overview of the Authority's finances.

Statement of Net Position

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

Statement of Revenues, Expenses, and Changes in Net Position

The *statement of revenues, expenses, and changes in net position* presents information showing how the Authority's net position changed during the most recent period. All changes in net position 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 the statement for some items that will only result in cash flows in future fiscal periods.

Statement of Cash Flows

The *statement of cash flows* presents information about the cash receipts and cash payments of the Authority during the most recent period. When used with related disclosures and information in the other financial statements, the information provided in this statement

Updated 4-20-2021

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Statement of Cash Flows, Continued

should help financial report users assess the Authority's ability to generate future net cash flows, its ability to meet its obligations as they become due and its need for external financing.

It also provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on the Authority's financial position of its cash and its noncash investing, capital and related financing transactions during the period.

The financial statements can be found on pages 12 through 14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 16 through 26 of this report.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. Net position at June 30, 2019 was \$1,216,191. The primary asset of the Authority is the investment in CFD 1990-1 local obligations. The primary liability is the outstanding balance of the revenue refunding bonds. Both the local obligations investment and bonds payable balances will reduce over time, as the Authority's bonds are retired.

During the fiscal year ended June 30, 2019, the CFD paid principal of \$362,000 to the Authority in accordance with the bonds' debt service schedule. The Authority used those funds, in addition to investment interest earnings, to pay down a portion of the special revenue tax bonds in accordance with those bonds' debt service schedule.

Total net position decreased by \$16,454 during the fiscal year ended June 30, 2019. This decrease in net position is primarily the result of the debt service of the 2007 special tax refunding bonds exceeding that of the CFD 1990-1 local obligations during the fiscal year ended June 30, 2019. The decrease in total assets of \$371,123 was primarily attributable to the portion of the CFD 1990-1 local obligation investments scheduled to mature during the fiscal year ended June 30, 2019.

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2019**

FINANCIAL ANALYSIS, Continued

The following table summarizes the changes between assets, liabilities and net position as of June 30, 2019 and 2018:

Condensed Statements of Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets		
Current assets	\$ 1,474,031	\$ 1,462,154
Noncurrent assets	<u>1,313,000</u>	<u>1,696,000</u>
Total Assets	<u>2,787,031</u>	<u>3,158,154</u>
Liabilities		
Current liabilities	380,840	375,510
Noncurrent liabilities	<u>1,190,000</u>	<u>1,550,000</u>
Total Liabilities	<u>1,570,840</u>	<u>1,925,510</u>
Net Position		
Restricted	648,208	683,804
Unrestricted	<u>567,983</u>	<u>548,840</u>
Total Net Position	<u>\$ 1,216,191</u>	<u>\$ 1,232,644</u>

Of the Authority's total net position, \$648,208, or approximately 53.3% of total net position, was restricted for debt service. This is a slight decrease from the prior year, where \$683,804 of net position, or 55.5%, was restricted for debt service. This decrease was a result of the debt service on the 2007 Special Tax Refunding Bonds exceeding that of the CFD 1990-1 local obligations during the fiscal year ended June 30, 2019 following the application of debt service credits approved by the Authority's Board of Directors. Debt service credits were authorized in the adopted budget as well as the annual levy report for the fiscal year ending June 30, 2019 to gradually apply excess reserves against debt service of the 2007 Special Tax Refunding Bonds. This reserve balance will gradually be reduced to meet debt service requirements through the maturity of the 2007 Special Tax Refunding Bonds.

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2019**

FINANCIAL ANALYSIS, Continued

The following table summarizes changes in net position for the fiscal years ended June 30, 2019 and 2018:

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Operating revenues		
Interest income from participating government	\$ 32,211	\$ 53,538
Total operating revenues	<u>32,211</u>	<u>53,538</u>
Operating expenses		
Professional services, including paying agent fees	<u>9,395</u>	<u>8,680</u>
Total operating expense	<u>9,395</u>	<u>8,860</u>
Operating income (loss)	22,816	44,858
Nonoperating revenues (expenses)		
Interest expense on long-term liabilities	(64,855)	(78,795)
Interest and investment income	25,586	2,960
Other income	<u>-</u>	<u>8,680</u>
Total nonoperating revenues (expenses)	<u>(39,269)</u>	<u>(67,155)</u>
Capital Contributions to Participating Agencies	-	(170,126)
Change in Net Position	(16,453)	(192,423)
Net Position		
Beginning of Fiscal Year	<u>1,232,644</u>	<u>1,425,067</u>
End of Fiscal Year	<u>\$ 1,216,191</u>	<u>\$ 1,232,644</u>

Overall revenues and expenses remained relatively consistent with the prior year. The increase in interest and investment income was primarily attributable to an increase in the fair market value of the Authority's cash held in the City investment pool compared to the prior year. The decrease in interest expense is a direct result of scheduled debt services on the 2007 Special Tax Refunding Bonds.

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2019**

LONG TERM DEBT

Refunding bonds were issued on May 17, 2007 by the Authority in the principal amount of \$5,060,000 to refund the Authority's 1997 Special Tax Revenue Refunding Bonds (the "1997 Bonds"), finance the acquisition and construction of certain public capital improvements (the Project), establish a reserve fund for the Bonds (funded part in cash and part from a reserve fund surety bond), and to pay the costs of issuance of the Bonds. The 1997 Bonds were issued to purchase the CFD 1990-1 bonds (the "Local Obligations"), which are recovered by special assessment revenues from CFD 1990-1. CFD 1990-1 annually levies parcels within the district boundaries in order to repay the Local Obligations held by the Authority. The Local Obligations were issued for the purpose of paying a portion of the cost of construction of a middle school located within the jurisdiction of the Mt. Diablo School District, located in the City of Clayton. In addition, proceeds of the Local Obligations were used to acquire certain site preparation work on the ball and playing field property conveyed to the City. All construction improvements were completed as of the fiscal year ended June 30, 2009.

Principal payments on the 2007 Special Tax Revenue Refunding Bonds are payable on September 2nd of each year. Interest payments are payable semi-annually on March 2 and September 2nd. The bonds are non-City obligations and are secured by revenues received by the Authority as the result of the payment of debt service on the CFD 1990-1 Local Obligations. As of June 30, 2019, the outstanding balance of the non-city bond obligation was \$1,550,000. Total principal and interest remaining on the bonds is \$1,679,838, payable through September 2022. For the current year, principal and interest paid were \$350,000 and \$69,524, respectively. As the debt service on the local obligations exceeds that of the 2007 Special Tax Revenue Refunding bonds, the application of levy credits is considered annually by the Authority Board of Directors in their review and approval of the annual CFD 1990-1 parcel tax levy. These levy credits result in the gradual use of net position restricted for debt service through the maturity of the 2007 bonds.

FACTORS AFFECTING ECONOMIC CONDITIONS

On June 11, 2018, Standard & Poor's Rating Services upgraded its rating Authority's 2007 Special Tax Revenue Refunding bonds to AA- reflecting a stable outlook. The bonds, secured entirely by repayment of the Local Obligations by CFD 1990-1, have been paid on time and in full and continue to maintain their tax exempt status provided by the federal government for qualified municipal bonds. As of the most recent annual parcel tax levy report published by CFD 1990-1, the property tax delinquency rate was only 1.16% for the fiscal year ending June 30, 2019. Property values within the City of Clayton continue to rebound from Great Recession (2008) levels; this coupled with low CFD 1990-1 delinquency rates fare positively for the fiscal position of the Authority in order to meet the ongoing debt service of the 2007 bonds.

Updated 4-20-2021

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2019**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. 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, California 94517.

Updated 4-20-2021

Updated 4-20-2021

This page intentionally left blank

NOTES TO THE BASIC FINANCIAL STATEMENTS

Clayton Financing Authority
Statement of Net Position
June 30, 2019

ASSETS

Current assets:

Restricted investments:

Cash and cash equivalents \$ 683,669

Cash with fiscal agent 370,602

Accrued interest receivable 36,760

Investments in local obligations:

Due within one year 383,000

Noncurrent assets:

Investments in local obligations:

Due after one year 1,313,000

Total Assets

2,787,031

LIABILITIES

Current liabilities:

Accrued interest payable 20,840

Bonds payable:

Due within one year 360,000

Noncurrent liabilities:

Bonds payable:

Due after one year 1,190,000

Total Liabilities

1,570,840

NET POSITION

Restricted 648,208

Unrestricted 567,983

Total Net Position

\$ 1,216,191

The accompanying notes are an integral part of these financial statements.

Updated 4-20-2021

Clayton Financing Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2019

OPERATING REVENUES

Interest income from participating agency	<u>\$ 32,211</u>
---	------------------

Total Operating Revenues	32,211
---------------------------------	---------------

OPERATING EXPENSES

Professional services, including paying agent fees	<u>9,395</u>
--	--------------

Total Operating Expenses	9,395
---------------------------------	--------------

Operating Income (Loss)	22,816
--------------------------------	---------------

NONOPERATING REVENUES (EXPENSES)

Interest expense on long-term liabilities	(64,855)
---	----------

Interest and investment income	25,586
--------------------------------	--------

Other income	<u>-</u>
--------------	----------

Total Nonoperating Revenues (Expenses)	<u>(39,269)</u>
---	-----------------

Income before Contributions and Transfers	(16,453)
---	----------

Capital Contributions to Participating Agencies	<u>-</u>
---	----------

Change in Net Position	(16,453)
-------------------------------	-----------------

NET POSITION

Beginning of Fiscal Year	<u>1,232,644</u>
---------------------------------	------------------

End of Fiscal Year	<u><u>\$ 1,216,191</u></u>
---------------------------	----------------------------

The accompanying notes are an integral part of these financial statements.

Updated 4-20-2021

Clayton Financing Authority
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Principal received from participating agency	\$ 362,000
Interest received from participating agency	40,060
Payments to suppliers of services	(9,395)
Net cash provided by operating activities	<u>392,665</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Principal payments on long-term liabilities	(350,000)
Interest payments on long-term liabilities	(69,524)
Capital contribution to participating agency	-
Net cash used in capital financing activities	<u>(419,524)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on investments	25,586
Payments from participating agency	-
Net cash provided by investing activities	<u>25,586</u>

Net increase (decrease) in cash and equivalents (1,273)

Cash and cash equivalents at beginning of year 1,055,544

Cash and cash equivalents at end of year \$ 1,054,271

Included in the Statement of Net Position as follows:

Cash and cash equivalents	\$ 683,669
Cash with fiscal agent	370,602
Total cash and equivalents at end of year	<u>\$ 1,054,271</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 22,816
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in accrued interest receivable	7,849
Decrease in loans receivable from participating agency	362,000
Net cash provided by operating activities	<u>\$ 392,665</u>

The accompanying notes are an integral part of these financial statements.

Updated 4-20-2021

This page intentionally left blank

NOTES TO THE BASIC FINANCIAL STATEMENTS

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Clayton Financing Authority (the Authority) was created for the purpose of refunding the Authority's 1997 Special Tax Revenue Refunding Bonds (the "1997 Bonds"), finance the acquisition and construction of certain public capital improvements (the Project), establish a reserve fund for the 1997 Bonds (funded part in cash and part from a reserve fund surety bond), and to pay the costs of issuance of the Bonds. The 1997 Bonds were issued to purchase the CFD 1990-1 local obligations, which are recovered by special assessment revenues from CFD 1990-1. Principal payments are payable on September 2 of each year. Interest payments are payable semi-annually on March 2 and September 2. The bonds are non-city obligations and are secured by revenues received by the Authority as the result of the payment of debt service on the CFD 1990-1 local obligations. As of June 30, 2019, the outstanding balance of the non-city bond obligation was \$1,550,000. The Authority meets the criteria set forth in accounting principles generally accepted in the United States of America as a fiduciary fund of the City because the governing body is the same as the City and the City has fiduciary responsibility for the Authority.

This financial report is designed to provide a general overview of the Authority. 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, California 94517.

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses when the liability is incurred, regardless of the timing of related cash flows.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with Authority's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenue of the Authority is interest income from investments in local obligations.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Updated 4-20-2021

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all short-term highly liquid investments with an original maturity of three months or less, including restricted investments, to be cash and cash equivalents.

Investments

Investments are carried at fair value. Fair value is based on quoted market price, if applicable. Otherwise the fair value hierarchy is as follows:

Level 1 - Values are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs, other than quoted market prices, included within Level 1 that are observable for the asset or liabilities at the measurement date.

Level 3 - Certain inputs are unobservable inputs (supported by little or no market activity, such as the Authority's best estimate of what hypothetical market participants would use or determine a transaction price for the asset or liability at the reporting date).

Net Position / Fund Balances

In the Statement of Net Position, net position is classified in the following categories:

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

Unrestricted Net Position - This amount is all net position that does not meet the definition of "invested in capital assets, net of related debt" or "restricted net position."

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Pronouncements

The following Governmental Accounting Standards Board Statements have been implemented in the current financial statements:

- GASB Statement No. 83 – *“Certain Asset Retirement Obligations”*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

The objective of this Statement is to improve comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This statement will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

The implementation of this pronouncement did not have a significant impact on the Authority’s financial statements.

- GASB Statement No. 88, *“Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements”*

The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

The implementation of this pronouncement did not have a significant impact on the Authority’s financial statements.

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements

The following Governmental Accounting Standards Board Statements are effective in future years subsequent to the current financial reporting period:

- GASB Statement No. 87, *"Leases"*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model.

This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

The Authority is required to implement the provisions of this Statement for the fiscal year ending June 30, 2021 (effective for periods beginning after December 15, 2019). The Authority has not yet determined the impact of this Statement on the financial statements.

- GASB Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"*

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest costs incurred before the end of a construction period. Such interest cost covered in the scope of this Statement includes all interest that previously was

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement.

The Authority is required to implement the provisions of this Statement for the fiscal year ending June 30, 2021 (effective for periods beginning after December 15, 2019). The Authority has not yet determined the impact of this Statement on the financial statements.

- GASB Statement No. 90 *“Majority Equity Interests – an amendment of GASB Statements No. 14 and 61”*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

The Authority is required to implement the provisions of this Statement for the fiscal year ending June 30, 2020 (effective for periods beginning after December 15, 2018). The Authority has not yet determined the impact of this Statement on the financial statements.

- GASB Statement No. 91 *“Conduit Debt Obligations”*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders’ uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

The Authority is required to implement the provisions of this Statement for the fiscal year ended June 30, 2022 (effective for reporting periods beginning after December 15, 2020). Earlier application is encouraged. The Authority has not yet determined the impact of this Statement on the financial statements.

2. CASH AND INVESTMENTS

Classification

Cash and cash equivalents and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 683,669
Cash with fiscal agents	370,602
Bonds held in refunding	<u>1,696,000</u>
Total	<u>\$ 2,750,271</u>

Cash and investments as of June 30, 2019 consist of the following:

City of Clayton investment pool	\$ 683,669
Government agency notes	252,109
Money market mutual funds	118,493
Municipal bonds	<u>1,696,000</u>
Total	<u>\$ 2,750,271</u>

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

Policy

Investments Authorized by the California Government Code and the City's Investment Policy

As permitted by the California Government Code, bond indentures, and contracts and agreements, the Authority is permitted to invest in the City of Clayton investment pool, and other investments authorized by its more restricted outstanding debt agreement as summarized below. The City of Clayton issues stand-alone audited financial statements with full disclosures of the investment pool available upon request at 6000 Heritage Trail, Clayton, California 94517.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City of Clayton investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Money market mutual funds	N/A	N/A	N/A
U.S. government agency issues	5 years	20%	None
Federal Housing Administration debentures	N/A	N/A	N/A
Commercial paper	92 days	N/A	N/A
Demand or time deposits	366 days	N/A	N/A

Investment Fair Value

The Authority reports its investments at fair value. At June 30, 2019, \$648,208 of the Authority's net position was made up of restricted the cash and cash equivalents held as reserves for debt service. The Authority has the following recurring fair value measurements as of June 30, 2019:

- U.S. government agency note, certificate of deposit, and LAIF values are based on unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date [Level 1 inputs].

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

Investment Fair Value, Continued

- Municipal bonds are valued based on unobservable inputs (supported by little or no market activity, such as the Authority's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date) [Level 3 inputs].

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Usually, the later the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

Investment Type	Totals	Remaining Maturity (in Months)				
		12 Months or Less	13-24 Months	25-36 Months	37-48 Months	49-60 Months
City of Clayton investment pool	\$ 683,669	\$ 683,669	-	\$ -	\$ -	\$ -
Held by bond trustees:						
U.S. government agency notes	252,109	252,109	-	-	-	-
Money market agency notes	118,493	118,493	-	-	-	-
Municipal bonds	1,696,000	383,000	409,000	434,000	470,000	-
	<u>\$ 2,750,271</u>	<u>\$ 1,437,271</u>	<u>\$ 409,000</u>	<u>\$ 434,000</u>	<u>\$ 470,000</u>	<u>\$ -</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Issuer	Exempt from Disclosure	AAA	Not Rated	Total
City of Clayton investment pool	\$ -	\$ -	\$ 683,669	\$ 683,669
Held by bond trustees:				
U.S. government agency notes:				
Federal Farm Credit Bank	-	252,109	-	252,109
Money Market Mutual Funds:				
First American Treasury Obligations Fund	118,493	-	-	118,493
Municipal Bond:				
Community Facilities District No. 1990-1	-	-	1,696,000	1,696,000
Total	<u>\$ 118,493</u>	<u>\$ 252,109</u>	<u>\$ 2,379,669</u>	<u>\$ 2,750,271</u>

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has five percent or more of its total investments in a single issuer. More than five percent of the Authority's investments are with City investment pool, Federal Farm Credit Bank, and Community Facilities District No. 1990-1.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits of governmental entities by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

3. INVESTMENTS IN LOCAL OBLIGATIONS

Middle School Community Facilities District- Original Issue \$6,400,000

Middle School Community Facilities District (CFD) Bonds in the principal amount of \$6,400,000 were issued on September 2, 1990 by the Authority under the Mello-Roos Community Facilities Act of 1982. Principal payments are payable on September 2 of each year with the bonds maturing on September 2, 2022. Interest payments are payable semi-annually on March 2 and September 2. The bonds bear interest at 6.503% and mature September 2, 2022. The debt is secured solely by special parcel taxes from CFD No. 1990-1. As of June 30, 2019, the outstanding balance of the bond obligation was \$1,696,000.

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

3. INVESTMENTS IN LOCAL OBLIGATIONS, continued

Middle School Community Facilities District- Original Issue \$6,400,000, Continued

Changes in investments in local obligations for the period ended June 30, 2019, were as follows:

Investment in CFD No. 1990-1 Bonds at July 1, 2018	\$ 2,058,000
Principal payments received September 2, 2018	<u>(362,000)</u>
Investment in CFD No. 1990-1 Bonds at June 30, 2019	<u>\$ 1,696,000</u>

4. LONG-TERM LIABILITIES

Clayton Financing Authority 2007 Special Tax Revenue Refunding Bonds-Original Issue \$5,060,000

Refunding bonds were issued on May 17, 2007 by the Clayton Financing Authority in the principal amount of \$5,060,000 to refund the Authority's 1997 Special Tax Revenue Refunding Bonds (the "1997 Bonds"), finance the acquisition and construction of certain public capital improvements (the Project), establish a reserve fund for the Bonds (funded part in cash and part from a reserve fund surety bond), and to pay the costs of issuance of the Bonds. The 1997 Bonds were issued to purchase the CFD 1990-1 local obligations, which are recovered by special assessment revenues from CFD 1990-1. Principal payments on the bonds are due September 2nd each year and mature on September 2, 2022. The bonds bear interest ranging from 4.000% to 4.125% with interest payments due March 2 and September 2 annually. The bonds are non city obligations and are secured by revenues received by the Authority as the result of the payment of debt service on the CFD 1990-1 Local Obligations. As of June 30, 2019, the outstanding balance of the non-city bond obligation was \$1,550,000. Total principal and interest remaining on the bonds is \$1,679,838, payable through September 2022. For the current year, principal and interest paid were \$350,000 and \$69,524 respectively.

Changes in long-term liabilities for the period ended June 30, 2019, were as follows:

Bonds Payable at July 1, 2018	\$ 1,900,000
Principal payments received September 2, 2018	<u>(350,000)</u>
Bonds Payable at June 30, 2019	<u>\$ 1,550,000</u>

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2019

4. LONG-TERM LIABILITIES, Continued

Clayton Financing Authority 2007 Special Tax Revenue Refunding Bonds-Original Issue
\$5,060,000, Continued

The annual debt service requirements to amortize the Authority's 2007 Special Tax Revenue Refunding Bonds outstanding at June 30, 2019 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 360,000	\$ 55,325	\$ 415,325
2021	375,000	40,625	415,625
2022	395,000	25,225	420,225
2023	420,000	8,663	428,663
Total	<u>\$ 1,550,000</u>	<u>\$ 129,838</u>	<u>\$ 1,679,838</u>

Updated 4-20-2021

This page intentionally left blank

ADDITIONAL REPORT

Updated 4-20-2021

This page intentionally left blank

INDEPENDENT AUDITORS' 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

To the Governing Body of
Clayton Financing Authority
City of Clayton, California

We have audited, in accordance with the 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, the financial statements of the Clayton Financing Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated March 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
March 22, 2021

Updated 4-20-2021



STAFF REPORT

TO: HONORABLE BOARD OF DIRECTORS

FROM: PAUL L. RODRIGUES, FINANCE DIRECTOR

DATE: May 4, 2021

**SUBJECT: AUDITED BASIC FINANCIAL STATEMENTS OF THE CLAYTON
FINANCING AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

RECOMMENDATION

Review and approve the Clayton Financing Authority's basic financial statements, including the unmodified opinion of the independent auditors' report issued by Cropper Accountancy Corporation for the fiscal year ended June 30, 2020.

BACKGROUND

The Joint Powers Agreement creating the Clayton Financing Authority (the CFA) was executed on December 4, 1990 between the City of Clayton and the Redevelopment Agency of the City of Clayton. The CFA is authorized to buy or issue bonds and other obligations that are secured in whole or in part by obligations or revenue sources of the member agencies. In May of 2007 the CFA issued \$5,060,000 in Special Tax Revenue Refunding Bonds (the 2007 Bonds) for the purpose of refunding the CFA's 1997 Special Tax Revenue Refunding Bonds, financing the acquisition and construction of certain public capital improvements, and to establish a reserve fund for the Bonds. The 2007 Bonds are secured by payments of debt service received by the CFA as owner of the City of Clayton "Middle School" Community Facilities District 1990-1 (the CFD) Special Tax Bonds, Refunding Series 1997 (the Local Obligations).

The Joint Powers Agreement for the CFA meets the criteria of a *Special District* as defined by California Government Code section 12463(d)(2). As a special district, Government Code section 26909 requires that an audit be completed and filed with the SCO within 12 months after the close of the fiscal year(s) under examination.

DISCUSSION

The independent auditors (Cropper Accountancy Corp.) of the CFA's financial statements for the fiscal year ended June 30, 2020 issued an "unmodified opinion" over the statements' presentation in accordance with Generally Accepted Accounting Principles (GAAP) in all material respects. An unmodified opinion is a "clean" audit opinion, concluding that as a result of the independent auditors' audit procedures they did not identify any material uncorrected departures from GAAP in the underlying CFA financial statements.

Following the independent auditors' opinion letter, on pages 4 through 9, is Management's Discussion and Analysis (MD&A). Consistent with auditing standards, the MD&A is an unaudited section of the report, but provides useful insight into the financial results of the fiscal year being reported. The MD&A includes condensed comparative financial statements and an analysis of significant transactions and balances.

The CFA's basic financial statements are comprised of two major components: 1) the financial statements, and 2) the notes to the financial statements. The financial statements section includes a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

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

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the CFA's net position changed during the fiscal year. All changes in net position 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 the statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments of the CFA during the fiscal year. When used with related disclosures and information in the other financial statements, the information provided in this statement should help financial report users assess the CFA's ability to generate future net cash flows, its ability to meet its obligations as they become due and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on the CFA's financial position of its cash and its noncash investing, capital and related financing transactions during the period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 16 through 30 of the report.

The following are some financial highlights included in the report:

- The Authority's total assets are \$2,393,884. The primary asset of the Authority is the investment in the Clayton Community Facilities District (CFD) No. 1990-1 local obligations in the amount of \$1,313,000.
- The Authority's liabilities consisted mainly of the 2007 special tax revenue refunding bonds totaling \$1,190,000 as of June 30, 2020, which were secured by the CFD 1990-1 local obligations investment.
- The CFA has no paid employees nor any administrative charges levied to it by the City of Clayton for management of the special district.

FISCAL IMPACT

The acceptance of the audited financial statements for the year ended June 30, 2020 does not have any direct fiscal impact on the Authority but reflects the overall financial health of the Clayton Financing Authority.

Attachment 1 - Clayton Financing Authority Annual Financial Statement Report for the Year Ended June 30, 2020

Draft

CLAYTON FINANCING AUTHORITY
ANNUAL FINANCIAL STATEMENT REPORT
YEAR ENDED JUNE 30, 2020

Draft

Clayton Financing Authority
Basic Financial Statements – For the year ended June 30, 2020
Table of Contents

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditors’ Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements	
<i>Financial Statements:</i>	
Statement of Net Position.....	12
Statement of Revenues, Expenses, and Changes in Net Position.....	13
Statement of Cash Flows.....	14
<i>Notes to the Basic Financial Statements</i>	<i>16</i>
ADDITIONAL REPORT	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33

Draft

Draft

Draft

**INDEPENDENT
AUDITORS' REPORT**

Draft

This page intentionally left blank

INDEPENDENT AUDITORS' REPORT

To the Governing Body of
Clayton Financing Authority
City of Clayton, California

We have audited the accompanying financial statements of the Clayton Financing Authority (the "Authority"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 - 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 on the results of that testing, and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
February 13, 2021

Draft

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2020**

As management of the Clayton Financing Authority (the Authority), we offer readers of our financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The Authority's total assets are \$2,393,884. The primary asset of the Authority is the investment in the Clayton Community Facilities District (CFD) No. 1990-1 local obligations in the amount of \$1,313,000.
- The Authority's liabilities consisted mainly of the 2007 special tax revenue refunding bonds totaling \$1,190,000 as of June 30, 2020, which are secured by the CFD 1990-1 local obligations investment.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements. Financial Statements are designed to provide readers with a broad overview of the Authority's finances.

Statement of Net Position

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

Statement of Revenues, Expenses, and Changes in Net Position

The *statement of revenues, expenses, and changes in net position* presents information showing how the Authority's net position changed during the most recent period. All changes in net position 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 the statement for some items that will only result in cash flows in future fiscal periods.

Statement of Cash Flows

The *statement of cash flows* presents information about the cash receipts and cash payments of the Authority during the most recent period. When used with related disclosures and information in the other financial statements, the information provided in this statement

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Statement of Cash Flows, Continued

should help financial report users assess the Authority's ability to generate future net cash flows, its ability to meet its obligations as they become due and its need for external financing.

It also provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on the Authority's financial position of its cash and its noncash investing, capital and related financing transactions during the period.

The financial statements can be found on pages 12 through 14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 16 through 30 of this report.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. Net position at June 30, 2020 was \$1,187,844. The primary asset of the Authority is the investment in CFD 1990-1 local obligations. The primary liability is the outstanding balance of the revenue refunding bonds. Both the local obligations investment and bonds payable balances will reduce over time, as the Authority's bonds are retired.

During the fiscal year ended June 30, 2020, the CFD paid principal of \$383,000 to the Authority in accordance with the bonds' debt service schedule. The Authority used those funds, in addition to investment interest earnings, to pay down a portion of the special revenue tax bonds in accordance with those bonds' debt service schedule.

Total net position decreased by \$28,347 during the fiscal year ended June 30, 2020. This decrease in net position is primarily attributable to interest paid on the bond. The decrease in total assets of \$393,147 was primarily attributable to the portion of the CFD 1990-1 local obligation investments scheduled to mature during the fiscal year ended June 30, 2020.

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2020**

FINANCIAL ANALYSIS, Continued

The following table summarizes the changes between assets, liabilities and net position as of June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Assets		
Current assets	\$ 1,489,884	\$ 1,474,031
Noncurrent assets	<u>904,000</u>	<u>1,313,000</u>
Total Assets	<u>2,393,884</u>	<u>2,787,031</u>
 Liabilities		
Current liabilities:	391,040	380,840
Noncurrent liabilities:	<u>815,000</u>	<u>1,190,000</u>
Total Liabilities	<u>1,206,040</u>	<u>1,570,840</u>
 Net Position		
Restricted	597,556	648,208
Unrestricted	<u>590,288</u>	<u>567,983</u>
Total Net Position	<u>\$ 1,187,844</u>	<u>\$ 1,216,191</u>

Condensed Statements of Net Position

Of the Authority's total net position, \$597,556, or approximately 50.3% of total net position, was restricted for debt service. This is a slight decrease from the prior year, where \$648,208 of net position, or 53.3%, was restricted for debt service. This modest decrease was a result of the debt service on the 2007 Special Tax Refunding Bonds exceeding that of the CFD 1990-1 local obligations during the fiscal year ended June 30, 2020 following the application of debt service credits approved by the Authority's Board of Directors. Debt service credits were authorized in the adopted budget as well as the annual levy report for the fiscal year ending June 30, 2020 to gradually apply excess reserves against debt service of the 2007 Special Tax Refunding Bonds. This reserve balance will gradually be reduced to meet debt service requirements through the maturity of the 2007 Special Tax Refunding Bonds.

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2020**

FINANCIAL ANALYSIS, Continued

The following table summarizes changes in net position for the fiscal years ended June 30, 2020 and 2019:

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Operating revenues		
Interest income from participating government	\$ 7,538	\$ 32,211
Total operating revenues	<u>7,538</u>	<u>32,211</u>
Operating expenses		
Professional services, including paying agent fees	<u>8,747</u>	<u>9,395</u>
Total operating expenses	<u>8,747</u>	<u>9,395</u>
Operating income (loss)	(1,209)	22,816
Nonoperating revenues (expenses)		
Interest expense on long-term liabilities	(50,525)	(64,855)
Interest and investment income	23,387	25,586
Other income	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(27,138)</u>	<u>(39,269)</u>
Capital Contributions to Participating Agencies	-	-
Change in Net Position	(28,347)	(16,453)
Net Position		
Beginning of Fiscal Year	<u>1,216,191</u>	<u>1,232,644</u>
End of Fiscal Year	<u>\$ 1,187,844</u>	<u>\$ 1,216,191</u>

Overall revenues and expenses remained relatively consistent with the prior year. The decrease in interest and investment income was primarily attributable to a decline in interest earnings on the Authority's cash held in the City investment pool compared to the prior year. The decrease in interest expense is a direct result of scheduled debt services on the 2007 Special Tax Refunding Bonds.

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2020**

LONG TERM DEBT

Refunding bonds were issued on May 17, 2007 by the Authority in the principal amount of \$5,060,000 to refund the Authority's 1997 Special Tax Revenue Refunding Bonds (the "1997 Bonds"), finance the acquisition and construction of certain public capital improvements (the Project), establish a reserve fund for the Bonds (funded part in cash and part from a reserve fund surety bond), and to pay the costs of issuance of the Bonds. The 1997 Bonds were issued to purchase the CFD 1990-1 bonds (the "Local Obligations"), which are recovered by special assessment revenues from CFD 1990-1. CFD 1990-1 annually levies parcels within the district boundaries in order to repay the Local Obligations held by the Authority. The Local Obligations were issued for the purpose of paying a portion of the cost of construction of a middle school located within the jurisdiction of the Mt. Diablo School District, located in the City of Clayton. In addition, proceeds of the Local Obligations were used to acquire certain site preparation work on the ball and playing field property conveyed to the City. All construction improvements were completed as of the fiscal year ended June 30, 2009.

Principal payments on the 2007 Special Tax Revenue Refunding Bonds are payable on September 2nd of each year. Interest payments are payable semi-annually on March 2 and September 2nd. The bonds are non-City obligations and are secured by revenues received by the Authority as the result of the payment of debt service on the CFD 1990-1 Local Obligations. As of June 30, 2020, the outstanding balance of the non-city bond obligation was \$1,190,000. Total principal and interest remaining on the bonds is \$1,264,513, payable through September 2022. For the current year, principal and interest paid were \$360,000 and \$50,525, respectively. As the debt service on the local obligations exceeds that of the 2007 Special Tax Revenue Refunding bonds, the application of levy credits is considered annually by the Authority Board of Directors in their review and approval of the annual CFD 1990-1 parcel tax levy. These levy credits result in the gradual use of net position restricted for debt service through the maturity of the 2007 bonds.

FACTORS AFFECTING ECONOMIC CONDITIONS

On June 11, 2018, Standard & Poor's Rating Services upgraded its rating Authority's 2007 Special Tax Revenue Refunding bonds to AA- reflecting a stable outlook. The bonds, secured entirely by repayment of the Local Obligations by CFD 1990-1, have been paid on time and in full and continue to maintain their tax exempt status provided by the federal government for qualified municipal bonds. As of the most recent annual parcel tax levy report published by CFD 1990-1, the property tax delinquency rate was only 1.33% for the fiscal year ending June 30, 2020. Property values within the City of Clayton continue to rebound from Great Recession (2008) levels; this coupled with low CFD 1990-1 delinquency rates fare positively for the fiscal position of the Authority in order to meet the ongoing debt service of the 2007 bonds.

**Clayton Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2020**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. 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, California 94517.

Draft

Draft

This page intentionally left blank

Draft

BASIC FINANCIAL STATEMENTS

Clayton Financing Authority
Statement of Net Position
June 30, 2020

ASSETS

Current assets:

Restricted investments:

Cash and cash equivalents \$ 697,152

Cash with fiscal agent 355,272

Accrued interest receivable 28,460

Investments in local obligations:

Due within one year 409,000

Noncurrent assets:

Investments in local obligations:

Due after one year 904,000

Total Assets 2,393,884

LIABILITIES

Current liabilities:

Accrued interest payable 16,040

Bonds payable:

Due within one year 375,000

Noncurrent liabilities:

Bonds payable:

Due after one year 815,000

Total Liabilities 1,206,040

NET POSITION

Restricted 597,556

Unrestricted 590,288

Total Net Position \$ 1,187,844

The accompanying notes are an integral part of these financial statements.

Draft

Clayton Financing Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

OPERATING REVENUES

Interest income from participating agency	\$ 7,538
Total Operating Revenues	<u>7,538</u>

OPERATING EXPENSES

Professional services, including paying agent fees	<u>8,747</u>
Total Operating Expenses	8,747
Operating Income (Loss)	(1,209)

NONOPERATING REVENUES (EXPENSES)

Interest expense on long-term liabilities	(50,525)
Interest and investment income	<u>23,387</u>
Total Nonoperating Revenues (Expenses)	<u>(27,138)</u>
Income before Contributions and Transfers	(28,347)
Capital Contributions to Participating Agencies	<u>-</u>
Change in Net Position	(28,347)

NET POSITION

Beginning of Fiscal Year	<u>1,216,191</u>
End of Fiscal Year	<u><u>\$ 1,187,844</u></u>

The accompanying notes are an integral part of these financial statements.

Draft

Clayton Financing Authority
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Principal received from participating agency	\$ 383,000
Interest received from participating agency	15,838
Payments to suppliers of services	<u>(8,747)</u>
Net cash provided by operating activities	<u>390,091</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Principal payments on long-term liabilities	(360,000)
Interest payments on long-term liabilities	<u>(55,325)</u>
Net cash used in capital financing activities	<u>(415,325)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on investments	<u>23,387</u>
Net cash provided by capital investing activities	<u>23,387</u>

Net decrease in cash and cash equivalents	(1,847)
--	---------

Cash and cash equivalents at beginning of year	<u>1,054,271</u>
---	------------------

Cash and cash equivalents at end of year	<u><u>\$ 1,052,424</u></u>
---	----------------------------

Included in the Statement of Net Position as follows:

Cash and cash equivalents	\$ 697,152
Cash with fiscal agent	<u>355,272</u>
Total cash and equivalents at end of year	<u><u>\$ 1,052,424</u></u>

Reconciliation of operating income to net cash provided by operating activities:

Operating loss	\$ (1,209)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in accrued interest receivable	8,300
Decrease in loans receivable from participating agency	<u>383,000</u>
Net cash provided by operating activities	<u><u>\$ 390,091</u></u>

The accompanying notes are an integral part of these financial statements.

Draft

Draft

NOTES TO THE BASIC FINANCIAL STATEMENTS

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Clayton Financing Authority (the Authority) was created for the purpose of refunding the Authority's 1997 Special Tax Revenue Refunding Bonds (the "1997 Bonds"), finance the acquisition and construction of certain public capital improvements (the Project), establish a reserve fund for the 1997 Bonds (funded part in cash and part from a reserve fund surety bond), and to pay the costs of issuance of the Bonds. The 1997 Bonds were issued to purchase the CFD 1990-1 local obligations, which are recovered by special assessment revenues from CFD 1990-1. Principal payments are payable on September 2 of each year. Interest payments are payable semi-annually on March 2 and September 2. The bonds are non-city obligations and are secured by revenues received by the Authority as the result of the payment of debt service on the CFD 1990-1 local obligations. As of June 30, 2019, the outstanding balance of the non-city bond obligation was \$1,550,000. The Authority meets the criteria set forth in accounting principles generally accepted in the United States of America as a fiduciary fund of the City because the governing body is the same as the City and the City has fiduciary responsibility for the Authority.

This financial report is designed to provide a general overview of the Authority. 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, California 94517.

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses when the liability is incurred, regardless of the timing of related cash flows.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with Authority's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenue of the Authority is interest income from investments in local obligations.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all short-term highly liquid investments with an original maturity of three months or less, including restricted investments, to be cash and cash equivalents.

Investments

Investments are carried at fair value. Fair value is based on quoted market price, if applicable. Otherwise the fair value hierarchy is as follows:

Level 1 - Values are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs, other than quoted market prices, included within Level 1 that are observable for the asset or liabilities at the measurement date.

Level 3 - Certain inputs are unobservable inputs (supported by little or no market activity, such as the Authority's best estimate of what hypothetical market participants would use or determine a transaction price for the asset or liability at the reporting date).

Net Position / Fund Balances

In the Statement of Net Position, net position is classified in the following categories:

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

Unrestricted Net Position - This amount is all net position that does not meet the definition of "invested in capital assets, net of related debt" or "restricted net position."

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Pronouncements

The following Governmental Accounting Standards Board Statements have been implemented in the current financial statements:

- GASB Statement No. 95 – *“Postponement of the Effective Dates of Certain Authoritative Guidance”*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*

The implementation of this pronouncement did not have a significant impact on the Authority's financial statements.

Draft

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements

The following Governmental Accounting Standards Board Statements are effective in future years subsequent to the current financial reporting period:

- GASB Statement No. 87, "*Leases*"

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model.

This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

The Authority was originally required to implement the provisions of this Statement for the fiscal year ending June 30, 2021 (effective for periods beginning after December 15, 2019), however implementation has been postponed 18 months by the implementation of GASBS No. 95. The Authority has not yet determined the impact of this Statement on the financial statements.

Draft

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

- GASB Statement No. 89, *“Accounting for Interest Cost Incurred before the End of a Construction Period”*

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest costs incurred before the end of a construction period. Such interest cost covered in the scope of this Statement includes all interest that previously was

accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement.

The Authority was required to implement the provisions of this Statement for the fiscal year ending June 30, 2021 (effective for periods beginning after December 15, 2019), however implementation has been postponed one year by the implementation of GASBS No. 95. The Authority has not yet determined the impact of this Statement on the financial statements.

- GASB Statement No. 90 *“Majority Equity Interests – an amendment of GASB Statements No. 14 and 61”*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

The Authority was originally required to implement the provisions of this Statement for the fiscal year ending June 30, 2020 (effective for periods beginning after December 15, 2018), however implementation has been postponed one year by the implementation of GASBS No. 95. The Authority has not yet determined the impact of this Statement on the financial statements.

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

- GASB Statement No. 91 *“Conduit Debt Obligations”*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders’ uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring

issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers’ roles in conduit debt obligations.

The Authority was originally required to implement the provisions of this Statement for the fiscal year ended June 30, 2022 (effective for reporting periods beginning after December 15, 2020), however implementation has been postponed one year by the implementation of GASBS No. 95. Earlier application is encouraged. The Authority has not yet determined the impact of this Statement on the financial statements.

- GASB Statement No. 92 *“Omnibus 2020”*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The topics include but are not limited to leases, intra-entity transfers between a primary government and a post-employment benefit plan component unit, accounting for pensions and OPEB related assets, measurement of liabilities related to asset retirement obligations, and nonrecurring fair value measurements of assets or liabilities.

**Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

The requirements of this Statement were originally effective for reporting periods beginning after June 15, 2021 (fiscal 2022) but have been postponed one year by GASBS No. 95.

- GASB Statement No. 93 “*Replacement of Interbank Offered Rates*”

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offer Rate (IBOR). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of *reference rate*, as it is used in Statement 53, as amended.

The removal of London IBOR as an appropriate benchmark interest rate was originally effective for reporting periods ending after December 31, 2021 (fiscal year 2022-23). All other requirements of this Statement were to be effective for reporting periods beginning after June 15, 2020 (fiscal year 2020-21). The effective date for all provisions of this Statement were postponed one year due to the implementation of GASBS No. 95. The Authority does not believe that the implementation of this Pronouncement will have an impact on the financial statements.

Draft

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

- GASB Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government’s financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government’s PPPs and evaluate a government’s future obligations and assets resulting from PPP.

PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

Draft

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

- GASB Statement No. 96 “*Subscription-Based Information Technology Arrangements*”

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government’s financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government’s SBITA activities and evaluate a government’s obligations and assets resulting from SBITAs.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

Draft

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

- GASB Statement No. 97, *“Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32”*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021 (fiscal year 2021-22). For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021 (fiscal year 2021-22).

Draft

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS

Classification

Cash and cash equivalents and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 697,152
Cash with fiscal agents	355,272
Bonds held in refunding	1,313,000
Total	<u>\$ 2,365,424</u>

Cash and investments as of June 30, 2020 consist of the following:

City of Clayton investment pool	\$ 697,152
Government agency notes	252,139
Money market mutual funds	103,133
Municipal bonds	1,313,000
Total	<u>\$ 2,365,424</u>

Policy

Investments Authorized by the California Government Code and the City's Investment Policy

As permitted by the California Government Code, bond indentures, and contracts and agreements, the Authority is permitted to invest in the City of Clayton investment pool, and other investments authorized by its more restricted outstanding debt agreement as summarized below. The City of Clayton issues stand-alone audited financial statements with full disclosures of the investment pool available upon request at 6000 Heritage Trail, Clayton, California 94517.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City of Clayton investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Money market mutual funds	N/A	N/A	N/A
U.S. government agency issues	5 years	20%	None
Federal Housing Administration debentures	N/A	N/A	N/A
Commercial paper	92 days	N/A	N/A
Demand or time deposits	366 days	N/A	N/A

Investment Fair Value

The Authority reports its investments at fair value. At June 30, 2020, \$597,556 of the Authority's net position was made up of restricted the cash and cash equivalents held as reserves for debt service. The Authority has the following recurring fair value measurements as of June 30, 2020:

- U.S. government agency note, certificate of deposit, and LAIF values are based on unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date [Level 1 inputs].
- Municipal bonds are valued based on unobservable inputs (supported by little or no market activity, such as the Authority's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date) [Level 3 inputs].

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Usually, the later the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

Investment Type	Totals	Remaining Maturity (in Months)				
		12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months
City of Clayton investment pool	\$ 697,152	\$ 697,152	-	\$ -	\$ -	\$ -
Held by bond trustees:						
U.S. government agency notes	252,139	252,139	-	-	-	-
Money market mutual funds	103,133	103,133	-	-	-	-
Municipal bonds	1,313,000	409,000	434,000	470,000	-	-
	<u>\$ 2,365,424</u>	<u>\$ 1,461,424</u>	<u>\$ 434,000</u>	<u>\$ 470,000</u>	<u>\$ -</u>	<u>\$ -</u>

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Issuer	Exempt from Disclosure	AAA	Not Rated	Total
City of Clayton investment pool	\$ -	\$ -	\$ 697,152	\$ 697,152
Held by bond trustees:				
U.S. government agency notes:				
Federal Farm Credit Bank	-	252,139	-	252,139
Money Market Mutual Funds:				
First American Treasury Obligations Fund	103,133	-	-	103,133
Municipal Bonds:				
Community Facilities District No. 1990-1	-	-	1,313,000	1,313,000
Total	\$ 103,133	\$ 252,139	\$ 2,010,152	\$ 2,365,424

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has five percent or more of its total investments in a single issuer. More than five percent of the Authority's investments are with City investment pool, Federal Farm Credit Bank, and Community Facilities District No. 1990-1.

This space intentionally left blank

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits of governmental entities by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

3. INVESTMENTS IN LOCAL OBLIGATIONS

Middle School Community Facilities District- Original Issue \$6,400,000

Middle School Community Facilities District (CFD) Bonds in the principal amount of \$6,400,000 were issued on September 2, 1990 by the Authority under the Mello-Roos Community Facilities Act of 1982. Principal payments are payable on September 2 of each year with the bonds maturing on September 2, 2022. Interest payments are payable semi-annually on March 2 and September 2. The bonds bear interest at 6.503% and mature September 2, 2022. The debt is secured solely by special parcel taxes from CFD No. 1990-1. As of June 30, 2019, the outstanding balance of the bond obligation was \$1,313,000.

Middle School Community Facilities District- Original Issue \$6,400,000, Continued

Changes in investments in local obligations for the period ended June 30, 2020, were as follows:

Investment in CFD No. 1990-1 Bonds at July 1, 2019	\$ 1,696,000
Principal payments received September 2, 2019	<u>(383,000)</u>
Investment in CFD No. 1990-1 Bonds at June 30, 2020	<u>\$ 1,313,000</u>

Clayton Financing Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2020

4. LONG-TERM LIABILITIES

Clayton Financing Authority 2007 Special Tax Revenue Refunding Bonds-Original Issue
\$5,060,000

Refunding bonds were issued on May 17, 2007 by the Clayton Financing Authority in the principal amount of \$5,060,000 to refund the Authority's 1997 Special Tax Revenue Refunding Bonds (the "1997 Bonds"), finance the acquisition and construction of certain public capital improvements (the Project), establish a reserve fund for the Bonds (funded part in cash and part from a reserve fund surety bond), and to pay the costs of issuance of the Bonds. The 1997 Bonds were issued to purchase the CFD 1990-1 local obligations, which are recovered by special assessment revenues from CFD 1990-1. Principal payments on the bonds are due September 2nd each year and mature on September 2, 2022. The bonds bear interest ranging from 4.000% to 4.125% with interest payments due March 2 and September 2 annually. The bonds are non city obligations and are secured by revenues received by the Authority as the result of the payment of debt service on the CFD 1990-1 Local Obligations. As of June 30, 2019, the outstanding balance of the non-city bond obligation was \$1,550,000. Total principal and interest remaining on the bonds is \$1,264,513, payable through September 2022. For the current year, principal and interest paid were \$360,000 and \$55,325 respectively.

Changes in long-term liabilities for the period ended June 30, 2020, were as follows:

Bonds Payable at July 1, 2019	\$ 1,550,000
Principal payments received September 2, 2019	<u>(360,000)</u>
Bonds Payable at June 30, 2020	<u>\$ 1,190,000</u>

Clayton Financing Authority 2007 Special Tax Revenue Refunding Bonds-Original Issue
\$5,060,000, Continued

The annual debt service requirements to amortize the Authority's 2007 Special Tax Revenue Refunding Bonds outstanding at June 30, 2020 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 375,000	\$ 40,625	\$ 415,625
2022	395,000	25,225	420,225
2023	<u>420,000</u>	<u>8,663</u>	<u>428,663</u>
Total	<u>\$ 1,190,000</u>	<u>\$ 74,513</u>	<u>\$ 1,264,513</u>

Draft

ADDITIONAL REPORT

Draft

This page intentionally left blank

INDEPENDENT AUDITORS' 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

To the Governing Body of
Clayton Financing Authority
City of Clayton, California

We have audited, in accordance with the 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, the financial statements of the Clayton Financing Authority (the "Authority"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated February 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
February 13, 2021

Draft