



By call of the Chair
SPECIAL MEETING
SUCCESSOR AGENCY OVERSIGHT BOARD
CITY OF CLAYTON, CA

FRIDAY, MAY 16, 2014

1:30 p.m.

*Third Floor Conference Room, Clayton City Hall
6000 Heritage Trail, Clayton, CA 94517*

OVERSIGHT BOARD MEMBERS

Howard Geller, Councilmember City of Clayton	Jonah Nicholas, Contra Costa Community College District
Vito Impastato, CCC Fire Protection District	
Charlie Mullen, former RDA staff	Dan Richardson, Clayton resident
Karen Mitchoff, Contra Costa County Supervisor	Jane Shamieh, County Office of Education

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

MEETING AGENDA
OVERSIGHT BOARD
SUCCESSOR AGENCY, CITY OF CLAYTON

Friday, May 16, 2014 1:30 pm
3rd Floor Conference Room
City Hall 6000 Heritage Trail, Clayton CA

1. CALL TO ORDER AND ROLL CALL – Board Chairman Dan Richardson

2. CONSENT CALENDAR

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

None.

3. OVERSIGHT BOARD ACTION ITEMS

- (a) Consideration of Resolution No. 02-2014 approving the issuance of refunding (refinancing) of the former Clayton Redevelopment Agency's existing and outstanding 1999 Bonds and 1996 Bonds (debt) in an amount not to exceed \$4,000,000 resulting in an estimated total savings of \$610,657 over the remaining bond term which remains unchanged (maturity date of 2024)
(Kevin Mizuno, Clayton Finance Manager)

Staff Recommendation: Following presentation and Board discussion and public comment, the Board adopts Resolution 02-2014, approving the issuance of refunding bonds by the Successor Agency to the former Redevelopment Agency of the City of Clayton, making certain determinations with respect to the refunding bonds and providing other matters relating thereto.

4. PUBLIC COMMENT ON NON-AGENDA ITEMS

Members of the public may address the Oversight Board on items within the Board's jurisdiction, (which are not on the agenda) at this time. To facilitate the recordation of comments, it is requested each speaker complete a speaker card available on the Meeting table and submit it in advance to the Clerk. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Chairperson's discretion. When one's name is called or you are recognized by the Chairperson as wishing to speak, the speaker shall approach the Board and adhere to the time limit. In accordance with State Law, no action may take place on any item not appearing on the posted agenda. The Board may respond to statements made or questions asked, or may at its discretion request Successor Agency 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 Oversight Board.

5. ADJOURNMENT – the meeting is adjourned on call by the Chairperson.



STAFF REPORT

Clayton Oversight Board to the Successor Agency

TO: Honorable Chair and Board Members

FROM: Laura Hoffmeister, Assistant to the City Manager
Kevin Mizuno, Finance Manager

MEETING DATE: May 16, 2014

SUBJECT: Consider a Resolution approving and authorizing the refunding (refinancing) of the former Clayton Redevelopment Agency's existing and outstanding 1999 Bonds and 1996 Bonds (debt) in an amount not to exceed \$4,000,000 resulting in an estimated total savings of \$610,657 over the remaining bond term which remains unchanged (maturity date of 2024).

RECOMMENDATION

It is recommended the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Clayton (the "Former Agency") adopt the attached Resolution, authorizing the issuance of refunding bonds to refinance certain outstanding bonds issued by the Former Agency, and authorizing certain other matters relating thereto.

BACKGROUND

Previously, the former Clayton Redevelopment Agency issued \$7,720,000 of tax allocation bonds in 1996 and \$7,460,000 of such bonds in 1999 in order to finance redevelopment projects within the Redevelopment Project Area. Tax allocation bonds are a type of long-term debt secured by and payable from a portion of the real property taxes collected from within a redevelopment project area, known as "tax increment". After August 1, 2014 there will remain \$4,560,000 of the 1996 and 1999 bonds principal outstanding. The 'average' interest rate on the outstanding bonds is approximately 5.00%.

Subsequent to the 'dissolution' of California redevelopment agencies in 2011, Assembly Bill 1484 was passed on June 27, 2012 permitting Successor Agencies to refund (refinance) outstanding bonds of former redevelopment agencies, if doing so results in debt service savings, similar to refinancing a home mortgage, and does not extend the term of the repayment. At today's relatively low interest rates, an opportunity exists for the Clayton Successor Agency to refinance its outstanding tax allocation bonds at an 'all-inclusive' interest rate of approximately 3.00%, which is well below the interest rate on the outstanding bonds.

In doing so it is estimated to achieve approximately \$610,657 in overall savings (principal and interest) over the remaining 10 year term of the bond. Pursuant to redevelopment dissolution, the savings will be shared to all the taxing entities; the City of Clayton will see apx. \$41,733 in total savings over the 10 year period. These savings will result in an equal amount of general fund revenue; as the tax increment is reduced, there is resulting proportional adjustment to the base tax revenue to each of the taxing entities, as the redistributed funding is no longer needed to pay debt.

Pursuant to State Law, the proposed refunding bonds must be authorized by the Successor Agency, and approved by the Oversight Board. The Successor Agency authorized on May 8, 2014 with the approval of Resolution 02-2014 SA (Attachment 8). The next step in the process is the approval by Resolution by the Oversight Board (Attachment 2) and the State Department of Finance (DOF). After the Oversight Board approves the refinancing a request for DOF approval will be submitted. By law, DOF has 60-days to act; however, staff is hopeful that DOF will grant its approval within approximately three weeks as there is State interest in returning these funds to public entities. If all goes according to plan, this refinancing will close during the week of June 16.

DISCUSSION

METHOD OF SALE

There are three common methods of selling municipal bonds: competitive sales, negotiated sales and private placements. Depending on a variety of factors including the security, structure, size, term and creditworthiness of the bonds, one or another method of sale is likely to achieve the best overall result (e.g. the lowest possible interest rate).

With respect to the proposed refunding bonds, the Successor Agency in consultation with its financial advisor and bond counsel determined that a private placement would likely achieve the best overall result due to the small size, short term and strong creditworthiness of the bonds.

A private placement is when an issuer such as the Successor Agency sells its bonds directly to an investor; by comparison, in a competitive sale or negotiated sale, an issuer sells its bonds to a broker-dealer (e.g. an underwriter) who then re-sells the bonds to investors.

SOLICITATION OF BIDS

During the week of April 7, approximately eight large commercial banks that regularly purchase municipal bonds via private placement were asked to submit proposals to purchase the Successor Agency refunding bonds. Five banks subsequently submitted proposals.

The proposal submitted by JP Morgan Chase (JPM) was deemed best, based upon the interest rate and not requiring a reserve. The Successor Agency staff worked to prepare draft documents that would be required to complete the transaction which are attached at the end of this staff report. JPM has reviewed and indicated their satisfaction with the documents.

PROPOSED BOND SALE/PURCHASER

JPM proposed an 'indicative' interest rate of 2.30%. An indicative interest rate is the rate at which an investor is willing to purchase bonds on the date its proposal is submitted. The

actual rate at which JPM may ultimately purchase the refunding bonds will be determined shortly before the financing closes. Depending on market conditions, the actual rate may differ from the indicative rate. Moreover, JPM is under no obligation to purchase the refunding bonds, and JPM reserves the right to rescind its offer at any time prior to closing. Likewise the Successor Agency also has the same rights to rescind prior to closing.

Notwithstanding the above, JPM is highly experienced in transactions of this nature, and has a very strong track record of completing such transactions once begun. Furthermore various other external factors that influence interest rates seem to be mild at this time so completing the transaction as timely as possible also ensures the interest rate sticks. The interest rate is not locked until the bond sell documents are signed and executed which staff estimates could take about 30-45 days. Locking a rate prior to document execution would require either result in higher interest rates, or other costs which were not recommended given the small bond amount and term.

FISCAL IMPACT

No general fund monies will be expended in connection with this refinancing. Attached to the staff report is a summary of the debt service savings analysis (Attachment 1).

Based on the 2.30% indicative interest rate proposed by JP Morgan Chase, and the associated 3.00% 'all-inclusive' interest rate, this refinancing will result in total debt service savings of approximately \$610,657 over the life of the financing, net of all transaction costs. As measured on a 'real' or 'present value' basis, estimated savings equal approximately 13% of the amount of outstanding bonds being refinanced, which by industry standards is considered an excellent result. The final maturity of the bonds will remain unchanged which terminate in 2024.

The exact amount of savings will not be determined until after Oversight Board and DOF approval are granted, at which time the interest rate on the refunding bonds will be finalized. If interest rates increase appreciably between now and then, it is possible the amount of savings may be insufficient to warrant proceeding, in which case the refinancing may be cancelled, or delayed until a later date.

Refinancing tax allocation bonds does not result in lower property taxes or any direct savings for homeowners or local businesses. Under State law, any savings that result from this refinancing will be shared among all of the local taxing entities, including the City itself, whose territory lies within the Redevelopment Project Area. The City would see apx. \$41,733 in such savings.

The costs of issuance for legal services, financial advisory services, placement agent services, city staff time/materials, and other related costs and expenses incurred in connection with the issuance of the refunding bonds, equal approximately \$137,500. These costs are payable from the proceeds of the refunding bonds, contingent upon closing. If the refinancing is not successful, then all transaction costs will be waived, except the Bank Counsel fee estimated at not-to-exceed \$7,500 would be a payment that would still need to be made and could be requested to be paid through the ROPS process.

Subject: Oversight Board Resolution approving and authorizing the refunding (refinancing) of the former Clayton Redevelopment Agency's existing and outstanding 1999 Bonds and 1996 Bonds

Date: May 16, 2014

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The 1996 and 1999 Bonds have a requirement to have a debt service reserve fund of about \$600,000. This \$600,000 would have been used to make the final year debt service payment. The refunding bonds don't have a reserve fund requirement, so the final payment must be made by the Agency from the ROPS; as such, there are no savings in 2024, but rather a payment via the tax increment method which reduces the pass through to the base rate.

FINANCING DOCUMENTS

The Attached Resolution authorizes the execution and delivery of various Financing Documents, including a Fourth Supplemental Indenture and Fiscal Agent Agreement, Bond Purchase Contract, and Refunding Instructions. Attached hereto are drafts of each such Document, which drafts may be modified prior to execution by authorized Successor Agency staff, as necessary.

CONCLUSION

Staff recommends that Oversight Board adopt the attached Resolution, No. 02-2014, authorizing the issuance of refunding bonds to refinance certain outstanding bonds issued by the Former Agency, and authorizing certain other matters relating thereto.

Attachments:

1. Debt Service Savings Analysis
2. Oversight Board Resolution No 02-2014
3. Proposed Term Sheet
4. Fourth Supplemental Indenture and Fiscal Agent Agreement
5. Purchase Contract
6. Irrevocable Refunding Instructions (Series 1999)
7. Irrevocable Refunding Instructions (Series 1996A)
8. Successor Agency Resolution of approval No. 02-2014 SA



Successor Agency to the
Clayton Redevelopment Agency

2014 Tax Allocation Refunding Bonds
Debt Service Savings Analysis

April 30, 2014

Prepared by Steven Gortler
Independent Financial Advisor
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Email: steven.gortler@att.net

ATTACHMENT 1



Outstanding Bonds of the Agency

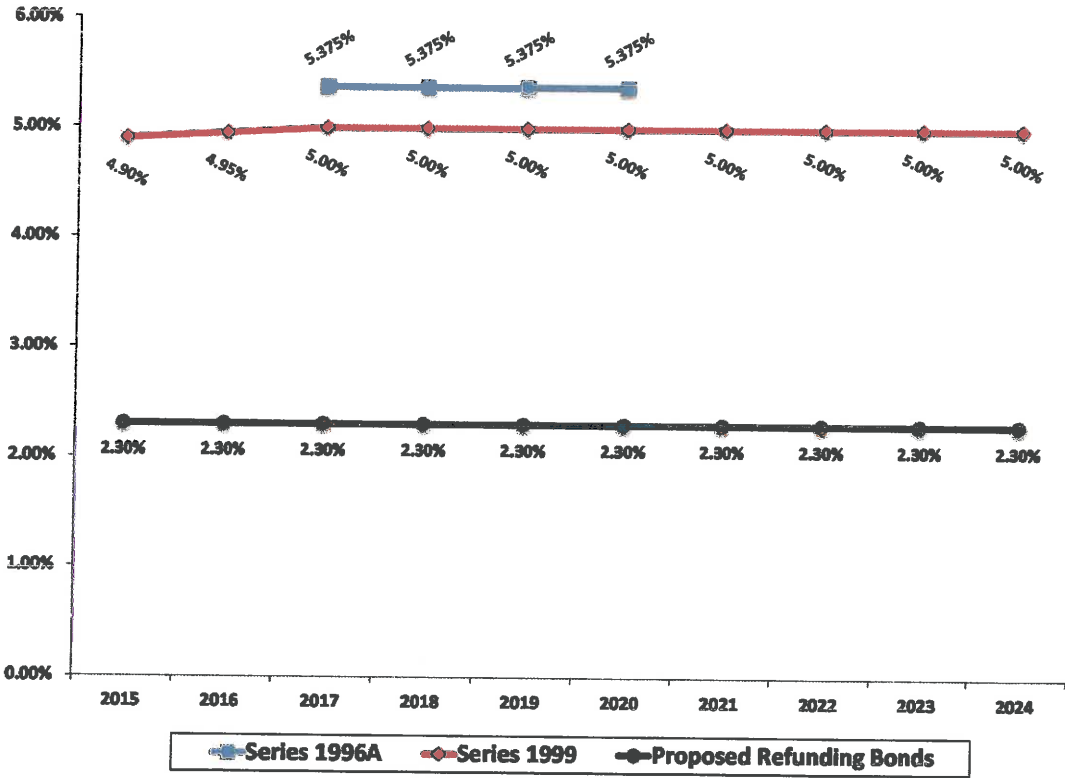
	Series 1996A	Series 1999
Issuer	Clayton RDA	Clayton RDA
Dated Date	Nov 1, 1996	Jun 15, 1999
Original Par	7,225,000	7,460,000
Outstanding Par	230,000	4,330,000
Final Maturity	Aug 1, 2020	Aug 1, 2024



Annual Debt Service on Outstanding Bonds

12-Mo. Ending Aug. 1,	Series 1996A			Series 1999			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015		12,363	12,363	320,000	200,513	520,513	320,000	212,875	532,875
2016		12,363	12,363	335,000	184,833	519,833	335,000	197,195	532,195
2017	55,000	12,363	67,363	355,000	168,250	523,250	410,000	180,613	590,613
2018	55,000	9,406	64,406	370,000	150,500	520,500	425,000	159,906	584,906
2019	60,000	6,450	66,450	390,000	132,000	522,000	450,000	138,450	588,450
2020	60,000	3,225	63,225	410,000	112,500	522,500	470,000	115,725	585,725
2021				425,000	92,000	517,000	425,000	92,000	517,000
2022				450,000	70,750	520,750	450,000	70,750	520,750
2023				470,000	48,250	518,250	470,000	48,250	518,250
2024				495,000	24,750	519,750	495,000	24,750	519,750
	230,000	56,169	286,169	4,020,000	1,184,345	5,204,345	4,250,000	1,240,514	5,490,514

Interest Rate Comparison: Outstanding Bonds vs. Proposed Refunding Bonds





Term Sheet: Proposed Refunding Bonds

Issuer	Successor Agency to the Clayton Redevelopment Agency
Issue	2014 Tax Allocation Refunding Bonds
Tax Status	Tax-Exempt
Purpose	Current refunding of all outstanding bonds
Estimated Par Amount	\$3,790,000
Final Maturity	Aug 1, 2024
Security	Property taxes deposited in the RPTTF



Estimated Sources & Uses of Funds: Proposed Refunding Bonds

Sources of Funds:

Par Amount of Bonds	3,790,000
Transfer from Prior Debt Service Fund	423,955
Transfer from Prior Reserve Funds	<u>602,142</u>
Total Sources	4,816,097

Uses of Funds:

Deposit to Redemption Fund	4,673,643
Estimated Costs of Issuance*	137,500
Rounding Amount	<u>4,954</u>
Total Uses	4,816,097

* Estimated costs of issuance include fees and expenses for bond counsel (\$55,000), Successor Agency time and materials (\$25,000), financial advisor (\$20,000), placement agent (\$15,000), bank counsel (\$10,000), verification agent (\$3,500), trustee (\$2,000), California Debt and Investment Advisory Commission (\$600) and contingency (\$6,400)

Estimated Debt Service Savings

12-Mo. Ending Aug. 1,	Outstanding Bonds				Proposed Refunding Bonds			Savings	
	Principal	Interest	Reserve	Total	Principal	Interest	Total	\$	%
2015	320,000	212,875		532,875	325,000	87,170	412,170	120,705	22.7%
2016	335,000	197,195		532,195	330,000	79,695	409,695	122,500	23.0%
2017	410,000	180,613		590,613	395,000	72,105	467,105	123,508	20.9%
2018	425,000	159,906		584,906	400,000	63,020	463,020	121,886	20.8%
2019	450,000	138,450		588,450	415,000	53,820	468,820	119,630	20.3%
2020	470,000	115,725		585,725	420,000	44,275	464,275	121,450	20.7%
2021	425,000	92,000		517,000	360,000	34,615	394,615	122,385	23.7%
2022	450,000	70,750		520,750	375,000	26,335	401,335	119,415	22.9%
2023	470,000	48,250		518,250	380,000	17,710	397,710	120,540	23.3%
2024	495,000	24,750	(602,142)	(82,392)	390,000	8,970	398,970	(481,362)	
	4,250,000	1,240,514	(602,142)	4,888,372	3,790,000	487,715	4,277,715	610,657	14.0%



Estimated Present Value Savings

Gross Present Value Debt Service Savings	1,479,774
Effect of Changes in Debt Service Reserve Fund	(477,215)
Transfers from Prior Issue Debt Service Fund	(423,955)
Rounding Amount	4,954
Net Present Value Benefit	583,558
Net PV Benefit / Refunded Principal	13.0%



Estimated Distribution of Savings

12-Mo. Ending Aug. 1,	City	County	Special Districts	K-12 Schools	Comnty Colleges	Office Of Ed.	ERAF	Total
2015	8,249	16,999	25,767	42,146	6,300	1,313	19,931	120,705
2016	8,372	17,252	26,151	42,772	6,394	1,332	20,227	122,500
2017	8,441	17,394	26,366	43,124	6,447	1,343	20,393	123,508
2018	8,330	17,165	26,020	42,558	6,362	1,326	20,126	121,886
2019	8,176	16,848	25,538	41,770	6,244	1,301	19,753	119,630
2020	8,300	17,104	25,926	42,406	6,339	1,321	20,054	121,450
2021	8,364	17,236	26,126	42,732	6,388	1,331	20,208	122,385
2022	8,161	16,817	25,492	41,695	6,233	1,299	19,718	119,415
2023	8,238	16,976	25,732	42,088	6,292	1,311	19,903	120,540
2024	(32,897)	(67,791)	(102,759)	(168,073)	(25,125)	(5,235)	(79,482)	(481,362)
	41,733	86,000	130,360	213,218	31,874	6,642	100,831	610,657

RESOLUTION NO. 02 - 2014

A RESOLUTION APPROVING THE ISSUANCE OF REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CLAYTON, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO

**THE OVERSIGHT BOARD
Successor Agency for the City of Clayton, California**

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "Redevelopment Law"), the City Council (the "City Council") of the City of Clayton (the "City") adopted in accordance with the California Community Redevelopment Law, City Ordinance No. 243 on 20 July 1987 adopting the Redevelopment Plan for the Clayton Redevelopment Project Area (the "Redevelopment Plan"), as amended from time to time; and

WHEREAS, the Redevelopment Agency of the City of Clayton (the "Former Agency") was responsible for implementing the Redevelopment Plan pursuant to said Redevelopment Law; and

WHEREAS, Assembly Bill X1 26 (as amended, the "Dissolution Act") and Assembly Bill X1 27 (the "Alternative Redevelopment Program Act") were enacted by the State of California on 28 June 2011, to significantly modify the Community Redevelopment Law and to end the existence of or modify continued operation of redevelopment agencies throughout the state (Health & Safety Code §33000, et seq.; the "Redevelopment Law"); and

WHEREAS, on 11 August 2011, the California Supreme Court agreed to review the California Redevelopment Association and League of California Cities' petition challenging the constitutionality of these Redevelopment Restructuring Acts; and

WHEREAS, on 29 December 2011, the California Supreme Court ruled that the Dissolution Act is largely constitutional and the Alternative Redevelopment Program Act is unconstitutional; and

WHEREAS, the Court's decision means that all California redevelopment agencies, including the Former Agency, are now terminated and have been automatically dissolved on 1 February 2012 pursuant to the Dissolution Act; and

WHEREAS, on 17 January 2012 by Resolution No. 03-2012, the Clayton City Council did exercise its priority right and took action to become the Successor Agency to the Former Agency (the "Successor Agency"); and

WHEREAS, pursuant to Section 34179 of the Dissolution Act, this Oversight Board has been established for the Successor Agency; and

WHEREAS, the Oversight Board is informed by the Successor Agency that in 1996, the Former Agency issued its City of Clayton Redevelopment Project Area Refunding Tax Allocation

Bonds, Series 1996A (the "Series 1996A Bonds") and, in 1999, issued its City of Clayton Redevelopment Project Area Tax Allocation Bonds, Series 1999 (together with the Series 1996A Bonds, the "Prior Bonds"), in the respective initial aggregate principal amounts of \$7,225,000 and \$7,460,000; and

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"); and

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of the Successor Agency to the Redevelopment Agency of the City of City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 2014 (the "Refunding Bonds") for the purpose of refunding the Prior Bonds, the Successor Agency has caused its financial advisor (the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the Prior Bonds (the "Debt Service Savings Analysis"); and

WHEREAS, the Successor Agency by its resolution No. 02-2014 SA adopted May 6, 2014 (the "Successor Agency Resolution") approved the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1), Section 34177.5(f) and Section 34180;

WHEREAS, in the Successor Agency Resolution, the Successor Agency authorized the execution and delivery of the Fourth Supplemental Agreement, expected to be dated as of June 1, 2014, by and between the Successor Agency and U.S. Bank National Association, as fiscal agent, providing for the issuance of the Refunding Bonds (the "Fourth Supplemental Agreement"); and

WHEREAS, in the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board approve the issuance of the Refunding Bonds pursuant to the Successor Agency Resolution and the Agreement (as defined in the Successor Agency Resolution) and that this Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds; and

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds to JPMorgan Chase Bank, N.A. (the "Original Purchaser") pursuant to the terms of the Purchase Contract (the "Purchase Contract") to be entered into by the Successor Agency and the Original Purchaser and the terms of the Term Sheet dated April 23, 2014 (the "Term Sheet") from the Original Purchaser; and;

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing;

NOW THEREFORE, BE IT RESOLVED that the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Clayton does hereby find the above

Recitals are true and correct and have served, together with the supporting documents, as the basis for the findings and approvals set forth below.

BE IT FURTHER RESOLVED:

Section 1. Determination of Savings. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to refund and defease the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Clerk of the Oversight Board, which Debt Service Savings Analysis is hereby approved.

Section 2. Approval of Issuance of the Bonds. As authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby approves the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Law, the Dissolution Act and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in the combined aggregate principal amount of not to exceed \$4,000,000, provided that the principal and interest payable with respect to the Refunding Bonds complies in all respects with the requirements of the Savings Parameters, as shall be certified to by the Financial Advisor upon delivery of the Refunding Bonds or any part thereof. The Oversight Board hereby approves the execution and delivery of the Fourth Supplemental Agreement, the Purchase Contract and the Term Sheet.

Section 3. Sale and Delivery of Refunding Bonds in Whole or in Part. The Oversight Board hereby approves the sale and delivery of the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, if such Savings Parameters cannot be met with respect to the whole of the Refunding Bonds, then the Oversight Board approves the sale and delivery of the Refunding Bonds from time to time in part. In the event the Refunding Bonds are initially sold in part, the Successor Agency is hereby authorized to sell and deliver additional parts of the Refunding Bonds without the prior approval of this Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

Section 4. Determinations by the Oversight Board. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the

California Department of Finance, the Contra Costa County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34183(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

Section 5. Effective Date. Pursuant to Health and Safety Code Section 34177(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the Department of Finance unless the Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the Department.

PASSED, APPROVED AND ADOPTED by the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Clayton, California at a regular public meeting thereof held on the 16th day of May 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

THE OVERSIGHT BOARD FOR THE
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF
THE CITY OF CLAYTON, CA

Dan Richardson, Chair

ATTEST:

Laura Hoffmeister, Clerk of the Board



April 23, 2014

Mike Cavanaugh
Southwest Securities, Inc
c/o Successor Agency to the Redevelopment Agency of the City of Clayton (Contra Costa County, California)

RE: Private Placement for \$3,745,000, 2014 Tax Allocation Refunding Bond (the "Bond")

JPMorgan Chase Bank, NA ("Bank") is pleased to submit this proposal for tax-exempt financing to the Successor Agency to the Redevelopment Agency of the City of Clayton (the "Agency" or "Issuer"), Contra Costa County, California. This proposal is presented in the form of a non-binding "Term Sheet", subject to final credit approval, negotiation and acceptance of all terms, conditions and documentation for the transaction. The letter does NOT signify a commitment by Bank to extend credit or purchase the Bond.

TYPE OF FINANCING:

Tax-exempt Bond (the "Bond") to be issued by the Agency and privately placed with the Bank pursuant to the provisions of federal, state and local statutes. Bank intends to hold the Bond to final maturity. Bank will not require either a rating for the Bond, or the purchase of insurance for repayment.

FORM OF BOND:

Bank will require a single term instrument with sinking fund payments equivalent to the maturity schedule and without DTC registration.

LEGAL OPINION:

Purchase of the Bond will be subject to the opinion of Jones Hall, Agency Counsel, to the effect that under existing laws and assuming continuous compliance by the Borrower with certain covenants designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bond will be excluded from gross income of the owners for Federal income tax purposes. Purchase of the Bond will also be subject to a satisfactory opinion of Bond Counsel that the Issuer's obligations under the Bond documents are legal, valid, binding and enforceable against the Issuer.

USE OF PROCEEDS:

Refunding of the Community Redevelopment Agency's 1996A Tax Allocation Bonds and 1999 Tax Allocation Bonds, originally issued in the amount of \$7,225,000 and \$7,460,000, respectively.

PRINCIPAL AMOUNT:

\$3,745,000

FINANCING TERM:

Eleven (11) years

INTEREST RATE:

The rates provided below are provided exclusively for indicative purposes, based on market conditions as of April

23, 2014. The actual rate of interest borne by the Bond will be set by mutual agreement between Bank and the Issuer.

The interest rate will be fixed immediately prior to closing, based upon 65 percent of the aggregate of an index of the 10-year Treasury Constant Maturity Rate as most recently published by the Federal Reserve Board in the Federal Reserve Statistical Release H.15 (519) (the "Index") plus 0.88% (the "Margin") over the index. However, prior to acceptance, the interest rate may increase if the Bank's cost of funds increases. Bank's cost of funds may increase due to a number of factors including, but not limited to, changes in market conditions. Interest will be calculated on a 30/360 basis.

To illustrate, if the financing closed on the date of this Term Sheet, the interest rate would be fixed at 2.30 %, based upon the Index for the week ending April 18, 2014.

Rate Option: Indicative Non-Callable Tax-Exempt Fixed Rate of 2.30%

REPAYMENT TERMS:

The 2014 Bond will be structured with ten (10) annual principal sinking fund payments on each August 1st, commencing August 1, 2015; and twenty-one (21) semi-annual payments of accrued interest on each August 1st and February 1st (each a "Payment Date") commencing August 1, 2014, with a final maturity of August 1, 2024.

OPTIONAL REDEMPTION:

The Bonds will not be subject to optional redemption prior to maturity.

SECURITY:

Pledged tax increment revenues generated from the City of Clayton Redevelopment Project Area, deposited into the Successor Agency's Redevelopment Property Tax Trust Fund (RPTTF) by the County Auditor-Controller.

FINANCIAL REPORTING:

The Agency will be required to provide Bank with audited annual financial statements, free of significant deficiencies or material weakness, and prepared by an independent Certified Public Accountant, within 270 days of the close of its fiscal year. Additionally, the Agency will provide Bank with a copy of its annual budget, as adopted or amended, within 30 days of adoption or amendment. Other reporting, such as Bank may require from time to time, could include copies of any long-term capital improvement plans.

The Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available in

the amounts and at the times required to enable the Agency to pay the principal of and interest and premium (if any) on the outstanding Bonds and any outstanding Parity Debt when due and provide the Bank such annual information on its remaining tax increment revenues as the Bank shall request

DOCUMENTATION:

Documentation shall be prepared by Issuer's counsel, Jones Hall which firm represents Issuer at Issuer's expense. This Term Sheet is subject to approval of the documentation by the Bank and its independent Bank counsel, Squire Sanders, in the Bank's sole discretion, including but not limited to the form of Bond Agreement and form of Bond.

EVENT OF DEFAULT:

In the event of payment default, the Bank may seek all remedies available to it under law or equity in the state of California.

FEES AND EXPENSES:

The independent Bank counsel fees and costs not expected to exceed \$10,000. Upon acceptance of this proposal, the Agency shall be responsible for reimbursing the Bank for all fees and expenses related to the transaction, including but not limited to rate lock "breakage" fees (if any), and costs of documentation review by outside counsel. The Agency's responsibility for fees is not contingent on the closing of this transaction.

The District will also pay CDIAC Fees in the amount of 1.5 bps of the par amount of the Bonds.

EXPIRATION:

This Term Sheet must be accepted on or before April 25, 2014 and funded on or before May 30, 2014. If acceptance or funding has not occurred by the respective dates, the Bank may, at its option and in its sole discretion, terminate the Term Sheet and/or the Interest Rate may be adjusted.

MATERIAL CHANGE:

Any change (whether material or not) in the amount to be financed or a material change in the financial condition or prospects of the Issuer may constitute a re-pricing event and Bank may, at its option and in its sole discretion, terminate this Term Sheet and/or the Interest Rate may be adjusted.


We appreciate your interest in us and look forward to your favorable response. Should you have any questions regarding this Term Sheet, please contact me at (925) 256-4829 or via email at abdul.h.maiwand@chase.com.

Sincerely,

JPMORGAN CHASE BANK, NA

Abdul H. Maiwand
Vice President

ACCEPTED BY: Successor Agency to the Redevelopment Agency of the City of Clayton (Contra Costa County, California)

By: 
Name: GARY NAPPER
Title: CITY MANAGER
Date: 24 APRIL 2014

IRS Circular 230 Disclosure: Bank and its affiliates (collectively, "Chase") do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with Chase of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

FOURTH SUPPLEMENTAL INDENTURE AND FISCAL AGENT AGREEMENT

by and between the

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF
CLAYTON**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent**

Dated as of June 1, 2014

Relating to

**\$ _____ Principal Amount of
Successor Agency to the Redevelopment Agency of the City of Clayton,
City of Clayton Redevelopment Project Area
Refunding Tax Allocation Bonds, Series 2014**

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APPENDIX A – Form of Series 2014 Bond

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FOURTH SUPPLEMENTAL INDENTURE AND FISCAL AGENT AGREEMENT

THIS FOURTH SUPPLEMENTAL INDENTURE AND FISCAL AGENT AGREEMENT (this "Fourth Supplemental Agreement") is made and entered into as of June 1, 2014, by and between the Successor Agency to the Redevelopment Agency of the City of Clayton, California, a public body, organized and existing under and by virtue of the Community Redevelopment Law of the State of California (the "Successor Agency"), and U.S. Bank National Association, a national banking association, duly organized and existing under the laws of the United States of America, as fiscal agent (the "Fiscal Agent").

WITNESSETH

WHEREAS, the Redevelopment Agency of the City of Clayton (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Law");

WHEREAS, a redevelopment plan for a redevelopment project area designated the "City of Clayton Redevelopment Project" (the "Redevelopment Project") was adopted in compliance with all requirements of the Law;

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the City of Clayton (the "City") has become the successor entity to the Former Agency (the "Successor Agency"), as more fully described below;

WHEREAS, the Former Agency has previously issued its City of Clayton Redevelopment Project Area Tax Allocation Bonds, Series 1990 (the "Series 1990 Bonds"), pursuant to an Indenture and Fiscal Agent Agreement, dated as of December 1, 1990, by and between the Former Agency and Bankers Trust Company of California, N.A. (the "Original Agreement"); and

WHEREAS, the Former Agency has previously issued Parity Obligations (as defined in the Original Agreement) designated its City of Clayton Redevelopment Project Area Tax Allocation Bonds, Series 1993 (the "Series 1993 Bonds"), pursuant to a First Supplemental Indenture and Fiscal Agent Agreement, dated as of December 1, 1993 (the "First Supplemental Agreement"), by and between the Former Agency and First Trust of California, National Association; and

WHEREAS, the Former Agency has previously issued Parity Obligations designated its City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 1996A (the "Series 1996A Bonds") and its City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 1996B (Taxable) the "Series 1996B Bonds" and, together with the Series 1996A Bonds, the "Series 1996 Bonds", pursuant to a Second Supplemental Indenture and Fiscal Agent Agreement, dated as of November 1, 1996 (the "Second Supplemental Agreement"), by and between the Former Agency and First Trust of California, National Association; and

WHEREAS, the Former Agency has previously issued Parity Obligations designated its City of Clayton Redevelopment Project Area Tax Allocation Bonds, Series 1999 (the "Series 1999 Bonds"), pursuant to a Third Supplemental Indenture and Fiscal Agent Agreement, dated as of May 1, 1999 (the "Third Supplemental Agreement"), by and between the Former Agency and U.S. Bank Trust National Association; and

WHEREAS, the Original Agreement provides that the Former Agency and, by succession, the Successor Agency, may provide for the issuance of, and sell, Parity Obligations by fiscal agent agreement or similar agreement or resolution, which may be a Supplemental Agreement, and that the Former Agency and, by succession, the Successor Agency, may provide for the issuance of, and sell, such Parity Obligations in such principal amounts as it estimates will be needed for the Redevelopment Project purposes, subject to the conditions precedent set forth in the Original Agreement;

WHEREAS, Section 34177.5 of the Dissolution Act, as defined herein, authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Agency, subject to the conditions precedent contained in said Section 34177.5;

WHEREAS, the Dissolution Act, among other things, authorizes the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in said Section 34177.5(a)(1);

WHEREAS, the Successor Agency has determined that it will achieve debt service savings within such parameters by the issuance pursuant to the Law, the Dissolution Act, the Refunding Law and the Original Agreement, as heretofore amended and supplemented by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement, and as amended and supplemented by this Fourth Supplemental Agreement, of its \$ _____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Clayton City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 2014 (the "Bonds"), to refund the Series 1996A Bonds and the Series 1999 Bonds (collectively, the "Prior Bonds"), which bonds are the only obligations currently outstanding under the Agreement; and

WHEREAS, all acts and proceedings required by law necessary to make the Series 2014 Bonds, when executed by the Successor Agency and authenticated and delivered by the Fiscal Agent, the duly issued, valid, binding and legal special obligation of the Successor Agency, and to constitute this Fourth Supplemental Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Fourth Supplemental Agreement have been in all respects duly authorized;

NOW, THEREFORE, in order to secure the payment of the principal of and the interest and premium, if any, on the Series 2014 Bonds and all other obligations under this Fourth Supplemental Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and in consideration of the premises and of the mutual covenants herein contained, and of the purchase and acceptance of the Series 2014 Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Successor Agency does hereby

covenant and agree with the Fiscal Agent, for the benefit of the holders from time to time of the Series 2014 Bonds, as follows:

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ARTICLE I DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the capitalized terms used in this Fourth Supplemental Agreement shall have the meanings assigned to such terms in the Original Agreement, as heretofore amended, unless otherwise defined below or elsewhere in this Fourth Supplemental Agreement. Definitions of terms below that are not defined in the Original Agreement, as heretofore amended, shall constitute a supplement to the definitions in the Original Agreement.

Agreement

The term "Agreement" means the Indenture and Fiscal Agent Agreement, dated as of December 1, 1990, by and between the Former Agency and the Fiscal Agent, as amended and supplemented from time to time by any Supplemental Agreements, including the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and this Fourth Supplemental Agreement.

Department of Finance

The term "Department of Finance" means the Department of Finance of the State of California.

Dissolution Act

The term "Dissolution Act" means Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code.

Investment Securities

For purposes of investment of amounts on deposit in the Special Fund Series 2014 Interest Account and the Series 2014 Principal Account, the term "Investment Securities" means any of the following (but only to the extent that the same are acquired at Fair Market Value) which at the time are legal investments under the laws of the State for moneys held hereunder and then proposed to be invested therein:

- (1) direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America;
- (2) obligations of any of the following federal agencies Which obligations represent truly faith and credit of the United States of America Export - Import Bank; Farm Credit System Financial Assistance Corporation; Rural Economic Community Development Administration (formerly the Farmers Home Administration); General Services Administration; U. S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); U. S. Department of Housing & Urban Development (PHA's); and Federal Housing Administration;
- (3) senior debt obligations rated "AA" or higher by S&P and "Aa" or higher by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or of other government sponsored agencies;

- (4) U. S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Fiscal Agent) which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (for purposes of this paragraph (4), ratings on holding companies are not considered as the rating of the bank);
- (5) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;
- (6) investments in a money market fund rated "AAm" or "AAm-G" or higher by S&P, including those for which the Fiscal Agent, its parent, its affiliates or subsidiaries provide investment advisory or other management services, provided this portfolio meets the criteria set forth above; and
- (7) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

Original Purchaser

The term "Original Purchaser" means JPMorgan Chase Bank, N.A..

Oversight Board

The term "Oversight Board" means the Oversight Board of the Successor Agency established pursuant to the Section 34179 of the Dissolution Act.

Principal Corporate Trust Office

The term "Principal Corporate Trust Office" means the corporate trust office of the Fiscal Agent in San Francisco, California, or such other or additional offices as the Fiscal Agent may designate in writing to the Successor Agency from time to time as the corporate trust office for purposes of the Agreement; except that with respect to presentation of Series 2014 Bonds for payment or for registration of transfer and exchange such term means the office or agency of

the Fiscal Agent at which, at any particular time, its corporate trust agency business is conducted, initially in Saint Paul, Minnesota.

Redevelopment Property Tax Trust Fund

The term "Redevelopment Property Tax Trust Fund" means the Redevelopment Property Tax Trust Fund established pursuant to Health & Safety Code Sections 34170.5(a) and 34172(c) and administered by the County Auditor-Controller of the County of Contra Costa.

Refunding Law

The term "Refunding Law" means Article 10 (commencing with Section 53570) and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of title 5 of the California Government Code.

Reserve Requirement

The term "Reserve Requirement" means, with respect to the Series 2014 Bonds, \$0.

Retirement Fund

The term "Retirement Fund" means the Redevelopment Obligation Retirement Fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the California Health and Safety Code.

Series

The term "Series" means all of the Series 2014 Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Series 2014 Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Series 2014 Bonds as herein provided.

Series 1996A Refunding Instructions

The term Series 1996A Refunding Instructions means those Irrevocable Refunding Instructions relating to the Series 1996A Bonds dated the Closing Date and given by the Successor Agency to the Fiscal Agent.

Series 1999 Refunding Instructions

The term Series 1999 Refunding Instructions means those Irrevocable Refunding Instructions relating to the Series 1999 Bonds dated the Closing Date and given by the Successor Agency to the Fiscal Agent.

Series 2014 Bond Proceeds Fund

The term "Series 2014 Bond Proceeds Fund" means the fund by that name established and held by the Fiscal Agent pursuant to Section 2.12.

Series 2014 Bonds

The term "Series 2014 Bonds" means the Successor Agency's City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 2014.

Series 2014 Closing Date

The term "Series 2014 Closing Date" means June __, 2014.

Series 2014 Tax Certificate

The term "Series 2014 Tax Certificate" means the Certificate As To Arbitrage and Certificate Regarding the Use of Proceeds concerning certain matters pertaining to the use and investment of proceeds of the Series 2014 Bonds, executed and delivered by the Successor Agency on the Series 2014 Closing Date, including any and all exhibits attached thereto.

ARTICLE II
THE SERIES 2014 BONDS

SECTION 2.01. Authorization and Purpose of the Series 2014 Bonds. The Successor Agency hereby authorizes the issuance of the Series 2014 Bonds for the purpose of providing moneys for the refinancing of the Redevelopment Plan. [The parties hereto hereby acknowledge that the Series 2014 Bonds are secured on a parity with any Outstanding Parity Obligations issued under the Agreement.][applicable only if the Series 1996A Bonds are not refunded]

SECTION 2.02. Terms of the Series 2014 Bonds. The Series 2014 Bonds authorized to be issued by the Successor Agency under and subject to the terms of this Agreement, the Law, the Dissolution Act and the Refunding Law shall be designated the "Successor Agency to the Redevelopment Agency of the City of Clayton, City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 2014," and shall be in the principal amount of \$_____. The Series 2014 Bonds shall be dated the date of delivery thereof, shall bear interest at the rates set forth herein (calculated on the basis of a 360-day year comprised of twelve 30-day months) shall be issued as fully registered bonds in any Authorized Denominations, shall be numbered in such manner as the Fiscal Agent may deem appropriate so long as each Series 2014 Bond receives a distinctive number and shall mature, subject to the right of prior redemption in whole or in part, as described herein, and become payable, as provided herein.

The Series 2014 Bonds shall bear interest at the rates per annum, payable February 1 and August 1 of each year commencing February 1, 2015 and shall mature on August 1, 2024.

The Series 2014 Bonds shall bear interest from the Interest Payment Date immediately preceding the date of authentication thereof unless (i) the date of authentication thereof is prior to the first regular Record Date in which event from the dated date of such Series 2014 Bond, or (ii) the date of authentication thereof is an Interest Payment Date, in which event from that Interest Payment Date, or (iii) the date of authentication thereof is after a regular Record Date but before the following Interest Payment Date, and if the Successor Agency shall not default in the payment of interest due on such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date.

Payment of interest on the Series 2014 Bonds shall be paid by check mailed by the Fiscal Agent on the Interest Payment Date via first-class mail to the Holders at their addresses shown on the registration books of the Fiscal Agent as of the close of business on the Record Date with respect to such Interest Payment Date; provided that payment of interest may be paid by federal wire transfer to an account in the continental United States designated by any Holder in the aggregate principal amount of \$1,000,000 or more, upon provision of a written notice received by the Fiscal Agent prior to the applicable Record Date Any such written notice shall remain in effect until terminated or changed by subsequent written notice of the Holder.

Interest shall be paid notwithstanding the cancellation of any Series 2014 Bonds upon any exchange or registration of transfer thereof subsequent to the Record Date and prior to such interest Payment Date, except that, if and to the extent there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Holders in whose names any such Series 2014 Bonds (or any Series 2014 Bond or Series 2014 Bonds issued upon registration of transfer or exchange thereof) are registered at

the close of business on the fifth (5th) Business Day next preceding the date of payment of such defaulted interest.

Principal of and redemption premiums, if any, on the Series 2014 Bonds shall be payable upon the surrender thereof at the Principal Corporate Trust Office of the Fiscal Agent Principal of and redemption premiums, if any, and interest on the Series 2014 Bonds shall be paid in lawful money of the United States of America

SECTION 2.03. Redemption of the Series 2014 Bonds.

(a) **No Optional Redemption.** The Series 2014 Bonds are not subject to optional redemption prior to their stated maturities.

(b) **Mandatory Sinking Fund Payments.** The Series 2014 Bonds shall be subject to mandatory redemption in part by lot prior to their maturity date, upon notice as provided in subparagraph (d) below, on each August 1, commencing August 1, 2015, solely from money which has been deposited into the Series 2014 Principal Account in amounts and upon the dates hereby established for the Bonds, as follows:

<u>Date (August 1)</u>	<u>Amount</u>	<u>Date (August 1)</u>	<u>Amount</u>
2015		2020	
2016		2021	
2017		2022	
2018		2023	
2019		2024 (maturity)	

*Maturity

The portion of the Series 2014 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

(c) **Effect of Redemptions.** After the date filed for redemption, notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Series 2014 Bonds or portion thereof so called for redemption shall have been duly provided, no interest shall accrue on the Series 2014 Bonds or portion thereof after the redemption date specified in such notice and said Series 2014 Bonds shall cease to be entitled to any lien, benefit or security under this Agreement, and the Holders of said Series 2014 Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

All Series 2014 Bonds redeemed in whole pursuant to this Section 2.03 shall, upon written order of the Successor Agency delivered to the Fiscal Agent, be destroyed by the Fiscal Agent which shall thereupon deliver to the Successor Agency a certificate evidencing such destruction

(d) **Notice of Redemption.** Notice of redemption shall be given by the Fiscal Agent for and on behalf of the Successor Agency, by first class mail, not more than sixty (60) and not less than thirty (30) days prior to the redemption date, to the Holder of each Series 2014 Bond called for redemption, at its address as it appears on the registration books, but neither failure to

mail such notice to any Holder of a Series 2014 Bond nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Series 2014 Bonds with respect to which such failure or defect shall have occurred. Each notice of redemption shall state the redemption date, the place of redemption, the source of the funds to be used for such redemption, the principal amount and, if less than all the Series 2014 Bonds are called for redemption, the CUSIP numbers, if any, of the Series 2014 Bonds to be redeemed, the distinctive numbers of the Series 2014 Bonds to be redeemed, and shall also state that the interest on the Series 2014 Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Series 2014 Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified).

(e) Partial Redemption. Any Series 2014 Bond may be redeemed in whole or in part, but no part of any Series 2014 Bond shall be redeemed in an amount less than a minimum Authorized Denomination. Upon surrender of any Series 2014 Bond redeemed in part only, the Successor Agency shall execute and the Fiscal Agent shall authenticate and deliver to the Holder thereof, without charge to the Holder thereof, a new Series 2014 Bond or Series 2014 Bonds or like series and maturity and of Authorized Denominations designated by such Holder equal in aggregate principal amount to the unredeemed portion of the Series 2014 Bond surrendered.

SECTION 2.04. Forms of Series 2014 Bond. The Series 2014 Bonds and the forms of authentication and registration endorsement and the assignment to appear thereon shall be substantially in the forms attached hereto as Appendix A, with necessary or appropriate variations, omission and insertions as permitted or required by the Agreement. The Series 2014 Bonds may be typed, printed, lithographed or engraved.

SECTION 2.05. Execution of Series 2014 Bonds. Notwithstanding Section 2.05 of the Original Agreement, the Series 2014 Bonds shall be executed on behalf of the Successor Agency with the manual or facsimile signature of the Chair, the Vice Chair or the Executive Director of the Successor Agency and attested with the manual or facsimile signature of the Secretary of the Successor Agency. In case any officer whose signature appears on the Series 2014 Bonds shall cease to be such officer before the delivery of the Series 2014 Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes the same as though he had remained in office until such delivery of the Series 2014 Bonds.

The Series 2014 Bonds shall bear thereon a certificate of authentication and registration substantially in the forms recited in Appendix A hereto, executed and dated by the Fiscal Agent, and only if such certificate of authentication is executed by the Fiscal Agent shall the Series 2014 Bonds be entitled to any benefits under the Agreement or be valid or obligatory for any purpose, and such certificate of the Fiscal Agent shall be conclusive evidence that the Series 2014 Bonds so registered have been duly issued and delivered hereunder and are entitled to the benefits of the Agreement.

SECTION 2.06. Transfer and Registration of the Series 2014 Bonds; Exchange of Series 2014 Bonds.

(a) Transfer and Registration of the Series 2014 Bonds. Subject to the provisions of Section 2.13, any Series 2014 Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08, by the person in whose

name it is registered or by his duly authorized attorney, upon surrender of such Series 2014 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Fiscal Agent, duly executed.

Whenever any Series 2014 Bond or Series 2014 Bonds shall be surrendered for transfer, the Successor Agency shall execute and the Fiscal Agent shall authenticate and deliver a new Series 2014 Bond or Series 2014 Bonds of the same Series, of any Authorized Denomination, and for the same aggregate principal amount and maturity. The Fiscal Agent shall require the payment by the Holder requesting such transfer or any exchange of any tax or other governmental charge required to be paid with respect to such transfer.

(b) Exchange of Series 2014 Bonds Subject to the provisions of Section 2.13, Series 2014 Bonds may be exchanged at the Principal Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of Series 2014 Bonds of the same Series of other Authorized Denominations of the same maturity and interest rate. All Series 2014 Bonds surrendered pursuant to the provisions of this Section shall be cancelled by the Fiscal Agent and shall not be redelivered.

The Successor Agency shall not be required to issue, register the transfer of, or exchange, any Series 2014 Bonds during the period from a Record Date to the succeeding Interest Payment date during the fifteen (15) days preceding the selection of Series 2014 Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed, or on any redemption date.

SECTION 2.07. Temporary Series 2014 Bonds. Until definitive Series 2014 Bonds shall be prepared, the Successor Agency may cause to be executed and delivered in lieu of such definitive Series 2014 Bonds and subject to the same provisions, limitations and conditions as are applicable in the case of definitive Series 2014 Bonds, except that they may be in any denominations authorized by the Successor Agency, one or more temporary typed, printed, lithographed or engraved Series 2014 Bonds in fully registered form, as may be authorized by the Successor Agency, substantially of the same tenor and, until exchange for definitive Series 2014 Bonds, entitled and subject to the same benefits and provisions of the Agreement as definitive Series 2014 Bonds. If the Successor Agency issues temporary Series 2014 Bonds it will execute and furnish definitive Series 2014 Bonds without unnecessary delay and thereupon the temporary Series 2014 Bonds may be surrendered to the Fiscal Agent at its Principal Corporate Trust Office, without expense to the Holder in exchange for such definitive Series 2014 Bonds. All temporary Series 2014 Bonds so surrendered shall be cancelled by the Fiscal Agent and shall not be reissued.

SECTION 2.08. Series 2014 Bond Registration Books. The Fiscal Agent will keep at its Principal Corporate Trust Office sufficient books for the registration and transfer of the Series 2014 Bonds, which shall at all times be open to inspection by the Successor Agency during reasonable business hours; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer the Series 2014 Bonds on said books as hereinbefore provided.

SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Series 2014 Bonds. In case any Series 2014 Bond shall become mutilated in respect of the body of such Series 2014 Bond, or shall be believed by the Fiscal Agent to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Fiscal Agent, and upon the surrender of such mutilated Series 2014 Bond at the Principal Corporate Trust Office of the Fiscal Agent, or upon the receipt of

evidence satisfactory to the Successor Agency of such destruction, theft or loss, and upon receipt also of indemnity satisfactory to the Fiscal Agent, and upon payment of all expenses incurred by the Successor Agency in the premises, the Successor Agency shall execute, and the Fiscal Agent shall authenticate and deliver at said office a new Series 2014 Bond of such Series for the same aggregate principal amount, of like tenor and date, bearing the same number, with such notations as the Successor Agency shall determine, in exchange and substitution for and upon cancellation of the mutilated Series 2014 Bond, or in lieu of and in substitution for the Series 2014 Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Series 2014 Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Successor Agency upon receipt of like proof, indemnity and payment of expenses.

Any such replacement Series 2014 Bonds issued pursuant to this Section shall be entitled to equal and proportionate benefits with all other Series 2014 Bonds issued hereunder. The Successor Agency and the Fiscal Agent shall not be required to treat both the original Series 2014 Bond and any replacement Series 2014 Bond as being Outstanding for the purpose of determining the principal amount of Series 2014 Bonds which may be issued hereunder or for the purpose of determining any percentage of Series 2014 Bonds Outstanding hereunder, but both the original and replacement Series 2014 Bond shall be treated as one and the same.

SECTION 2.10. Validity of Series 2014 Bonds. The validity of the authorization and issuance of the Series 2014 Bonds shall not be affected in any way by any proceedings taken by the Successor Agency for the financing of the Redevelopment Project, or by any contracts, made by the Successor Agency in connection therewith, and shall not be dependent upon the completion of the financing of the Redevelopment Project or upon the performance by any person of his obligation with respect to the Redevelopment Project, and the recital contained in the Series 2014 Bonds that the same are issued pursuant to the Law, the Dissolution Act and the Refunding Law shall be conclusive evidence of their validity and of the regularity of their issuance.

SECTION 2.11. Application of Proceeds and Other Moneys. Upon receipt of payment for the Series 2014 Bonds in the amount of \$_____ (representing the aggregate principal amount of the Series 2014 Bonds) the Fiscal Agent shall apply such amount as follows:

(i) An amount equal to \$_____ shall be deposited in the Series 2014 Bond Proceeds Fund established pursuant to Section 2.12.

(ii) An amount equal to \$_____ shall be deposited in the Costs of Issuance Account established pursuant to Section 2.12.

SECTION 2.12. Series 2014 Bond Proceeds Fund.

(a) There is hereby created with the Fiscal Agent a special trust fund called the "City of Clayton Redevelopment Project Area Series 2014 Bond Proceeds Fund" (hereinafter sometimes called the "Series 2014 Bond Proceeds Fund").

(b) The moneys set aside in the Series 2014 Bond Proceeds Fund, other than amounts deposited into the Costs of Issuance Account, shall be disbursed as follows:

(i) \$_____ shall be deposited by the fiscal Agent in the Escrow Fund created pursuant to the Series 1996A Refunding Instruction; and

(ii) \$_____ shall be deposited by the fiscal Agent in the Escrow Fund created pursuant to the Series 1999 Refunding Instruction.

(c) There is hereby created with the Fiscal Agent an account within the Series 2014 Bond Proceeds Fund called the "Costs of Issuance Account." Amount on deposit in the Costs of Issuance Account shall be used to pay the Costs of Issuance with respect to the Series 2014 Bonds upon the filing with the Fiscal Agent of a Written Request of the Successor Agency stating the number, amount and general purpose of the requisitioned payment and certifying that such amount has not previously been paid. Amounts remaining on deposit in the Costs of Issuance Account on December 15, 2014 shall be transferred to the Series 2014 Interest Account.

SECTION 2.13. No-Book-Entry System. Notwithstanding anything in the Original Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement to the contrary, the Series 2014 Bonds shall be initially executed and delivered as a single registered bond in the name of the Original Purchaser.

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ARTICLE III
TAX REVENUES

SECTION 3.01. Special Fund; Pledge of Tax Revenues. There is hereby continued with the Fiscal Agent a special trust fund called the City of Clayton Redevelopment Project Area Special Fund (the "Special Fund") with special trust accounts created therein and known as the Series 2014 Interest Account and the Series 2014 Principal Account. Separate special trust funds or accounts may be created therein with respect to further Parity Obligations. The parties hereto hereby acknowledges and agree that the Series 2014 Bonds are secured on a parity with [the Outstanding Parity Obligations and] any Parity Obligations hereafter issued under the Agreement.

The Pledged Tax Revenues received by the Successor Agency on or after the date of issue of the Series 2014 Bonds, any proceeds of the Series 2014 Bonds deposited with the Fiscal Agent, including all moneys deposited and held from time to time by the Fiscal Agent in the funds and accounts established hereunder (other than the Series 2014 Rebate Fund), and investment income with respect to any moneys held by the Fiscal Agent hereunder are hereby irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Series 2014 Bonds and all Parity Obligations, and the Pledged Tax Revenues and such other money shall not be used for any other purpose while any of the Series 2014 Bonds or Parity Obligations remain Outstanding. This pledge shall constitute a first and exclusive lien on the Pledged Tax Revenues and such other money for the payment of the Series 2014 Bonds and the Parity Obligations, if any, all in accordance with the terms thereof.

In addition to being secured by a pledge of the Pledged Tax Revenues, the Series 2014 bonds shall also be secured a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act.

SECTION 3.02. Special Fund. Moneys accumulated in the Special Fund shall be used by the Fiscal Agent for deposit in the accounts provided in the Agreement; provided, however, that the following additional accounts are created with respect to the Series 2014 Bonds; provided further, however, that to the extent that deposits have been made in any of the accounts referred to below from the proceeds of the sale of the Series 2014 Bonds or otherwise, the deposits below need not be made:

(a) Interest Accounts. Transfers shall be made by the Fiscal Agent from the Special Fund to the Series 2014 Interest Account on or before January 31 and July 31 of each year, commencing January 31, 2015, so that the amount in said Account on said date shall be equal to the aggregate amount of interest becoming due and payable on the then Outstanding Series 2014 Bonds on the next succeeding Interest Payment Date. Moneys in the Series 2014 Interest Account shall be used by the Fiscal Agent for the payment of interest on the Series 2014 Bonds as the same becomes due. The Fiscal Agent shall also, from the Special Fund, transfer to any bond interest accounts now existing or henceforth created with respect to any Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other interest becoming due and payable on such Outstanding Parity Obligations on the next succeeding interest payment date with respect thereto.

(b) Principal Accounts. After the deposits have been made pursuant to subparagraph (a) above and beginning on or before July 31 of each year, commencing July 31, 2015, transfers shall be made by the Fiscal Agent from the Special Fund to the Series 2014 Principal Account so that the balance in said Account on said date is equal to the principal and sinking fund payments coming due on the then Outstanding Series 2014 Bonds on the next succeeding August 1. Moneys in the Series 2014 Principal Account shall be used by the Fiscal Agent for the payment of principal and sinking fund payments on the Series 2014 Bonds as they become due. The Fiscal Agent shall also, from the Special Fund, transfer to any principal accounts now existing or henceforth created with respect to any Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other principal or sinking fund payments becoming due and payable on such Outstanding Parity Obligations on the next succeeding principal or sinking fund payment date with respect thereto.

In lieu of redemption under this Section 3.02(b), moneys in the Series 2014 Principal Account may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Series 2014 Bonds, upon the filing with the Fiscal Agent of a Written Request of the Successor Agency requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Written Request of the Successor Agency may provide, but in no event may Series 2014 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

(c) Tax Revenues; Pledged Tax Revenues. The Successor Agency acknowledges that, due to the passage of Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Pledged Tax Revenues to make the deposits as and when required to be made into the Special Fund pursuant to Section 3.01 hereof, and in order to insure the payment of debt service on the Series 2014 Bonds, on a timely basis. The Successor Agency covenants that it will take all such actions as required to make the deposits as and when required to be made into the Special Fund pursuant to Section 3.01 hereof, and to make the timely payment of debt service on the Series 2014 Bonds. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all Tax Revenues are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the Dissolution Act, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the Series 2014 Bonds are Outstanding. The Successor Agency hereby agrees that it will deposit all Pledged Tax Revenues in the Retirement Fund until such amounts are transferred to the Fiscal Agent for deposit into the Special Fund in order to ensure that all Pledged Tax Revenues are available for the payment of debt service on the Series 2014 Bonds on a timely basis.

The Successor Agency further covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Series 2014 Bonds on the date, at the place and in the manner provided in the Series 2014 Bonds, and that it will take all actions required under the Dissolution Act to include scheduled debt service on the Series 2014 Bonds and all amounts required to be deposited in the Special Fund pursuant to and in accordance with Section 3.01 hereof in Recognized Obligation Payment Schedules (as defined in the Dissolution Act) for each six-month period so as to enable the County Auditor-Controller of the County of Contra Costa to distribute from the Redevelopment Property Tax Trust Fund on each January 2 and June 1 all amounts required for the Successor Agency to pay principal of, and interest on, the Senior Bonds, and all amounts required to be deposited in the Special Fund (pursuant to and in accordance with Section 3.01 hereof), which amounts will to be used to pay debt service on the Series 2014 Bonds. Specifically, the Successor Agency covenants that it

will place on the periodic Recognized Obligation Payment Schedules for approval by the Oversight Board and State Department of Finance, all amounts required by Section 3.01 hereof to be deposited with the Successor Agency and transferred to the Fiscal Agent for deposit into the Special Fund, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act.

The Successor Agency also covenants to calculate the amount of Pledged Tax Revenues received during each six-month period, as described above, to ensure that Pledged Tax Revenues are properly credited to and deposited in the Special Fund, as required by Section 3.01 hereof.

SECTION 3.03. Deposit and Investment of Moneys in Funds. Subject to the provisions of Article IV hereof, all moneys held by the Fiscal Agent in the Special Fund shall be invested in Investment Securities upon Written Request of the Successor Agency. Moneys in the Series 2014 Interest Account and the Series 2014 Principal Account of the Special Fund shall be invested only in Investment Securities which will by their terms mature on such dates as to ensure that before each Interest Payment Date or principal payment dates, as applicable, there will be in the respective Fund, from matured obligations and other moneys already in the respective Account, cash equal to the interest or principal, as applicable, payable on such date, and

It shall be the responsibility of the Successor Agency to determine whether investments of moneys in the Funds established hereunder are permitted by law or the Agreement in the absence of any Written Request of the Successor Agency, the Fiscal Agent shall invest in Investment Securities listed in clause (6) of the definition of Investment Securities.

Obligations purchased as an investment of moneys in any of said Funds or Accounts shall be declined at all times to be a part of such Fund or Account and, subject to the provisions of Article IV hereof, the interest accruing thereon and any gain realized from such investment shall be credited to such Fund or Account and any loss resulting from any such authorized investment shall be charged to such Fund or Account without liability to the Successor Agency or the members and officers thereof or to the Fiscal Agent or its members or officers. The Successor Agency or the Fiscal Agent, as the case may be, shall sell or present for redemption any obligation so purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by the Agreement. The Fiscal Agent and its affiliates may act as sponsor, principal or agent with respect to the making of any investments.

For the purpose of determining the amount in any fund or account established by this Fourth Supplemental Agreement, which shall be determined as of the end of each month, the value of any investments shall be calculated as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in the *New York Times*); the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or the *New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Fiscal Agent in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (iv) as to any investment not specified above, the value thereof established by prior agreement between the Successor

Agency and the Fiscal Agent. Alternatively, the value of investments in any fund or account may be calculated in the manner currently employed by the Fiscal Agent or in any other manner consistent with industry standard.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder.

The Fiscal Agent shall not be liable for any loss from any investment or disposition thereof made by it in accordance with the provisions hereof.

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ARTICLE IV
TAX COVENANTS

SECTION 4.01. Series 2014 Bond Rebate Fund.

(a) The Fiscal Agent shall establish a special fund designated "City of Clayton Redevelopment Project, Series 2014 Bonds Rebate Fund" (the "Series 2014 Rebate Fund"). All amounts at any time on deposit in the Series 2014 Rebate Fund shall be held by the Fiscal Agent in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148(f) of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien under the Agreement and shall be governed by this Section and Section 4.04 of the Original Agreement and by the Series 2014 Tax Certificate. The Fiscal Agent shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of the Successor Agency, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Successor Agency with the Rebate Requirement.

(b) Within 45 days of the end of each Bond Year, (1) the Successor Agency shall calculate or cause to be calculated with respect to the Series 2014 Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (2) upon the Successor Agency's written direction, the Fiscal Agent shall deposit to the Rebate Fund from deposits by the Successor Agency or from available investment earnings on amounts held in accounts held by the Fiscal Agent hereunder with respect to the Series 2014 Bonds, if and to the extent required, amounts sufficient to cause the balance in the Series 2014 Rebate Fund to be equal to the "rebate amount" so calculated. The Fiscal Agent shall not be required to deposit any amount to the Series 2014 Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Series 2014 Rebate Fund prior to the deposit required to be made under this subsection (b) exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Series 2014 Rebate Fund to the extent permitted under subsection (g) of this section. The Successor Agency shall not be required to calculate the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, and the Fiscal Agent shall not be directed to deposit any amount to the Series 2014 Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Series 2014 Bonds (including amounts treated as proceeds of the Series 2014 Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code, whichever is applicable, and otherwise qualify for the exception to the Rebate requirements pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the Successor Agency under Section 148(f)(4)(C)(vii) of the Code to pay a 1-1/2% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(b)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the Successor Agency shall provide written direction to the Fiscal Agent that the Fiscal Agent shall not be required to deposit any amount to the Series 2014 Rebate Fund in accordance with this subsection (b).

(c) Any funds remaining in the Series 2014 Rebate Fund after redemption of all the Series 2014 Bonds, deposit of the amounts described in paragraph (2) of subsection (d) of this Section, and payment of any applicable fees and expenses to the Fiscal Agent and any

reimbursement obligations to the Series 2014 Bond Insurer, shall be withdrawn by the Fiscal Agent and remitted to the Successor Agency.

(d) Upon the Successor Agency's written direction, but subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the "rebate amount" and make deposits to the Series 2014 Rebate Fund, the Fiscal Agent shall pay to the United States, from amounts on deposit in the Series 2014 Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Series 2014 Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the rebatable arbitrage determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(c) In the event that, prior to the time of any payment required to be made from the Series 2014 Rebate Fund, the amount in the Series 2014 Rebate Fund is not sufficient to make such payment when such payment is due, the Successor Agency shall calculate the amount of such deficiency and direct the Fiscal Agent to deposit an amount received from the Successor Agency equal to such deficiency into the Series 2014 Rebate Fund prior to the time such payment is due. Any such payment shall be made solely from the Tax Revenues.

(d) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Successor Agency and provided to the Fiscal Agent.

(e) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Series 2014 Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection upon written instructions from the Successor Agency, the Fiscal Agent shall withdraw the excess from the Series 2014 Rebate Fund and credit such excess to the Series 2014 Interest Account.

(f) The Successor Agency shall retain records of all determinations made hereunder until six years after the complete retirement of the Series 2014 Bonds.

(g) Notwithstanding anything herein to the contrary, the Rebate Requirement shall survive the defeasance of the Series 2014 Bonds.

SECTION 4.02. Series 2014 Bond Tax Covenants.

(a) The Successor Agency shall assure that the proceeds of the Series 2014 Bonds are not so used as to cause the Series 2014 Bonds to satisfy the private business test of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2014 Bonds to be "federally guaranteed" within the meaning of section 149(c) of the Code.

(c) The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2014 Bonds.

(d) The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2014 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series 2014 Bonds would have caused the Series 2014 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) The Successor Agency shall take all actions necessary to assure the exclusion of interest on the Series 2014 Bonds from the gross income of the Holders of the Series 2014 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series 2014 Bonds.

(f) Except as provided in the following sentence, the Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Fourth Supplemental Agreement, or otherwise containing gross proceeds of the Series 2014 Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to yield restriction under applicable provisions of the Code.

(g) The Successor Agency hereby designates the Series 2014 Bonds for purposes of paragraph (3) of section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income tax purposes (excludable (i) private activity bonds, as defined in section 141 of the Code, except qualified 501(c)(3) bonds as defined in section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including the Series 2014 Bonds, has been or will be issued by the Successor Agency, including all subordinate entities of the Successor Agency, during the calendar year 2014.

ARTICLE V
COVENANTS OF THE SUCCESSOR AGENCY

SECTION 5.01. Covenants of the Successor Agency. The Successor Agency hereby covenants to observe the covenants, agreements, and conditions set forth herein and in Sections 5.01 through 5.14 of Article V of the Original Agreement, and any references to the Bonds included in such Section or in the defined terms used therein shall be deemed to be equally applicable to the Series 2014 Bonds.

Additionally, the Successor Agency hereby covenants that it will annually review the total amount of Tax Revenues remaining available to be received by the Successor Agency under the Redevelopment Plan's then-effective cumulative tax increment limitation, as well as future cumulative Annual Debt Service, estimated future fees of the Fiscal Agent and any other obligations of the Successor Agency payable from Tax Revenues. If the allocation of tax increment revenue to the Successor Agency in any year will cause an amount equal to _____ (___%) of the amount remaining under the tax increment limit to fall below the remaining cumulative Annual Debt Service with respect to the Series 2014 Bonds, estimated future fees of the Fiscal Agent and any other obligations of the Successor Agency payable from Tax Revenues, the Successor Agency shall deposit an amount of such revenues equal to the amount by which such cumulative amounts exceeds _____ percent (___%) of such tax increment limit in escrow, invested in Federal Securities, for the payment of interest on and principal of and redemption premiums, if any, on the Series 2014 Bonds and any Parity Obligations, unless otherwise approved in writing by the Original Purchaser.

The Successor Agency shall annually no later than [November 1] (commencing [November 1, 2014]), transmit to the Fiscal Agent and the Original Purchaser a Certificate of the Successor Agency setting forth the calculation required by this Section, including the remaining Annual Debt Service with respect to the Series 2014 Bonds, estimated future fees of the Fiscal Agent, any other obligations of the Successor Agency payable from Tax Revenues, remaining tax increment under the then-current limit set forth in the Redevelopment Plan, the amount of Tax Revenues allocated to the Successor Agency during the period covered by the statement, and the amount, if any, to be used or escrowed for use to pay interest on and principal of and redemption premiums, if any, on the Series 2014 Bonds and any Parity Obligations.

ARTICLE VI
THE FISCAL AGENT

SECTION 6.01. Appointment of Fiscal Agent. U.S. Bank National Association is hereby appointed Fiscal Agent and paying agent for the Series 2014 Bonds. The provisions of Article VI of the Original Agreement governing the duties, obligations and functions of the Fiscal Agent with respect to the 1990 Bonds, and any references to the Bonds included in such Article or in the defined terms used therein shall be deemed to be equally applicable to the Series 2014 Bonds.

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ARTICLE VII
EVENT OF DEFAULT AND REMEDIES OF HOLDER

SECTION 7.01. Events-of-Default. The provisions of Article VII of the Original Agreement are hereby incorporated by reference herein as if fully set forth herein. Any references to the Bonds included in Article VII of the Original Agreement shall be deemed to include the Series 2014 Bonds; provided, however, that with respect to the application of funds upon acceleration as provided in Section 7.02 of the Original Agreement the payment of the costs and expenses of the Fiscal Agent in declaring an event of default with respect to the Series 2014 Bonds shall be paid prior to the payment of any costs and expenses of the Bondholders in declaring such event of default.

Notwithstanding the foregoing or any other provision of the Agreement, for so long as a majority in aggregate principal amount of the Outstanding Series 2014 Bonds are owned by the Original Purchaser, the Original Purchaser shall be entitled to exercise all of the powers, consents, rights and remedies to which the Owners of a majority in aggregate principal amount of Series 2014 Bonds then Outstanding are entitled hereunder, including all remedies available under law or equity, including but not limited to the right, at any time, by an instrument in writing executed and delivered to the Fiscal Agent, to direct the time, method and place of conducting all remedial proceedings on behalf of the Bondholders available to the Fiscal Agent under the Agreement to be taken in connection with the enforcement of the terms of the Agreement or exercising any trust or power conferred on the Fiscal Agent by the Agreement.

SECTION 7.02. Waiver of Jury Trial; Agreement for Judicial Reference; No Sovereign Immunity. To the fullest extent permitted by law, the Successor Agency hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, the Series 2014 Bonds, the Agreement or any documents relating to the Series 2014 Bonds or the Agreement, or the enforcement of any remedy under any law, statute, or regulation. To the extent such waiver is not enforceable, the Successor Agency hereby consents to the adjudication of any and all such matters pursuant to Judicial Reference as provided in Section 638 of the California Code of Civil Procedure, and the judicial referee shall be empowered to hear and determine any and all issues in such Reference whether fact or law. The Successor Agency hereby represents that it does not possess and will not invoke a claim of sovereign immunity for disputes arising out of contractual claims relating to the Successor Bonds or the Agreement.

ARTICLE VIII
AMENDMENT OF THE AGREEMENT

SECTION 8.01. Amendment of the Agreement. The provisions of Article VIII of the Original Agreement are hereby incorporated by reference herein as if fully set forth herein. Any references to the Bonds included in Article VIII of the Original Agreement shall be deemed to include the Series 2014 Bonds

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ARTICLE IX
DEFEASANCE

SECTION 9.01. Discharge of Indebtedness. The provisions of Article IX of the Original Agreement relating to the defeasance of the Bonds shall govern the provisions for defeasance of the Series 2014 Bonds and any references to the Bonds included in such Article or in the defined terms used therein shall be equally applicable to the Series 2014 Bonds

ARTICLE X
MISCELLANEOUS

SECTION 10.01. Application of Original Agreement. The provisions of Article X of the Original Agreement shall apply to this Fourth Supplemental Agreement and any references to the Bonds included in such Article or in the defined terms used therein shall be deemed to be equally applicable to the Series 2014 Bonds unless otherwise provided herein.

SECTION 10.02. Execution in Several Counterparts. This Supplemental Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, shall together constitute but one and the same instrument.

SECTION 10.03. Governing Laws. This Fourth Supplemental Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 10.04. Notices. All written notices to be given under this Fourth Supplemental Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be deemed to have been received upon the earlier of actual receipt or three days after deposit in the United States mail, first class (unless otherwise provided herein), postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

Successor Agency:

Successor Agency to the Redevelopment Agency of the
City of Clayton
6000 Heritage Trail
Clayton, California 94517
Attention: Executive Director

Fiscal Agent:

U.S. Bank Trust National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Services

Original Purchaser:

JPMorgan Chase Bank, N.A.
7600 Dublin Blvd., Suite 101A
Dublin, California 94568
Attention: Abdul H. Maiwand

Any notices sent to the Series 2014 Bondholders shall also be sent to the Original Purchaser for so long as any Series 2014 Bonds are registered in the name of the Original Purchaser.

SECTION 10.05. Parties Interested Herein. Nothing in the Agreement, this Fourth Supplemental Agreement or in the Series 2014 Bonds expressed or implied is intended or shall be construed to confer upon, or to give or grant to any person or entity other than the Successor Agency, the Fiscal Agent and the Holders of the Series 2014 Bonds, including the Original Purchaser, any legal or equitable right, remedy or claim under or in respect of the Agreement or the Series 2014 Bonds or any covenant, condition or provision therein or herein contained or stipulation thereof or hereof; and all such covenants, stipulations, conditions and provisions in the Agreement contained are and shall be held to be for the sole and exclusive benefit of the Successor Agency, the Fiscal Agent and the Holders of the Series 2014 Bonds, including the Original Purchaser.

SECTION 10.06. Agreement to Remain in Effect. Except as provided in the First Supplemental Agreement, the Second Supplemental Agreement, the third Supplement Agreement and this Fourth Supplemental Agreement, the Original Agreement shall remain in full force and effect.

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DRAFT

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Supplemental Agreement as of the date first above written.

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF CLAYTON

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Officer

DRAFT

APPENDIX A

(FORM OF SERIES 2014 BOND)

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF CONTRA COSTA
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF CLAYTON
CITY OF CLAYTON REDEVELOPMENT PROJECT AREA
REFUNDING TAX ALLOCATION BOND, SERIES 2014

Interest Rate Maturity Date Dated Date [CUSIP]

PRINCIPAL AMOUNT:

REGISTERED OWNER:

The SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CLAYTON (hereinafter sometimes called the "Successor Agency"), a public entity existing under the laws of the State of California, for value received, hereby promises to pay (but solely out of the funds hereinafter mentioned) to the registered owner hereof as shown above or registered assigns (herein sometimes referred to as "registered owner"), subject to the right of prior redemption hereinafter mentioned, the principal amount specified above, on the maturity date specified above, and to pay such registered owner on each February 1 and August 1 of each year, commencing on February 1, 2015 (each an "Interest Payment Date") by check mailed by the Fiscal Agent via first-class mail to such owner at such owner's address shown on the registration books of the Fiscal Agent as of the close of business on the fifteenth day of the month preceding each interest payment date (the "Record Date"), or by federal wire transfer to an account in the continental United States designated by such owner of Bonds in the aggregate principal amount of \$1,000,000 or more, upon provision of a written notice received by the Fiscal Agent prior to the applicable Record Date, interest on such principal amount from the Interest Payment Date immediately preceding the date of authentication hereof (unless (i) the date of authentication hereof is prior to the first regular Record Date in which event from the dated date specified above, or (ii) the date of authentication hereof is an Interest Payment Date, in which event from that Interest Payment Date, or (iii) the date of authentication hereof is after a regular Record Date but before the following Interest Payment Date and if the Successor Agency shall not default in the payment of interest due on such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date) until the principal hereof shall have been paid or provided for in accordance with the Agreement hereinafter referred to, at the interest rate per annum set forth above payable semiannually on each Interest Payment Date. Both principal and interest and any premium upon the redemption prior to maturity of all or part hereof are payable in lawful money of the United States of America, and (except for interest which is payable by check as stated above) are payable upon surrender hereof at the Principal Corporate Trust Office (as defined in the Agreement) of U.S. Bank National Association, Fiscal Agent for the Successor Agency.

This Bond is one of a duly authorized issue of Bonds of the Successor Agency designated "Successor Agency to the Redevelopment Agency of the City of Clayton, City of Clayton Redevelopment Project Area Tax Allocation Bonds, Series 2014" (herein called the "Bonds"), in an aggregate principal amount of \$_____, all of like tenor and date (except for bond numbers, interest rates, amounts and maturity) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California, including the Law, the Dissolution Act and the Refunding Law (as such terms are defined in the hereinafter defined Agreement) for the purpose of refinancing certain outstanding obligations of the Successor Agency. The Bonds are authorized by and issued pursuant to a resolution duly adopted by the Successor Agency and under an Indenture and Fiscal Agent Agreement, dated as of December 1, 1990, as supplemented by a First Supplemental Indenture and Fiscal Agent Agreement, dated as of December 1, 1993, a Second Supplemental Indenture and Fiscal Agent Agreement, dated as of November 1, 1996, a Third Supplemental Indenture and Fiscal Agent Agreement, dated as of May 1, 1999 and a Fourth Supplemental Indenture and Fiscal Agent Agreement, dated as of June 1, 2014 (as supplemented, the "Agreement"), by and between the Successor Agency and U.S. Bank National Association, as successor Fiscal Agent (the "Fiscal Agent"), copies of which are on file with the Secretary of the Successor Agency and the Fiscal Agent.

The Bonds are special obligations of the Successor Agency secured by an irrevocable pledge of, and payable as to principal, premium, if any, and interest from Pledged Tax Revenues (as defined in the Agreement) and other moneys as provided in the Agreement. The principal of the Bonds, the interest thereon and any redemption premiums payable with respect thereto are not a debt of the City of Clayton, the State of California or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds, said interest or said premium be payable out of any funds or properties other than the funds of the Successor Agency as set forth in the Agreement. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Successor Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

All of the Bonds are equally secured in accordance with the terms of the Agreement, reference to which is hereby made for a specific description of the security thereon provided for said Bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the owners of the Bonds (the "Bondholders" or "Holders"), and for a statement of the rights of the Bondholders. By the acceptance of this Bond the registered owner hereof consents to all of the terms, conditions and provisions of the agreement. In the manner provided in the Agreement, said Agreement and the rights and obligations of the Successor Agency and of the Bondholders may (with certain exceptions as stated in said Agreement) be amended or supplemented, subject to the terms and conditions of the Agreement.

The Bonds are not subject to redemption at the option of the Successor Agency.

The Bonds are subject to mandatory redemption in part by lot prior to their maturity date on each August 1, commencing August 1, 2015, solely from money which has been deposited into the Series 2014 Principal Account in amounts and upon the dates established for such Bonds as set forth in the Agreement. The portion of the Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Notice of call and redemption prior to maturity shall be given as provided in the Agreement.

This Bond is issued in fully registered form in the denomination of \$5,000 and any integral multiple thereof and is negotiable upon proper transfer of registration. This Bond is, transferable by the registered owner hereof or by his duly authorized attorney, at the Principal Corporate Trust Office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Agreement, upon surrender and cancellation of this Bond. Upon such transfer, a new Bond of any authorized denomination or denominations for the same aggregate principal amount and maturity of the same issue will be issued to the transferee in exchange therefor. This Bond may also be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Agreement, upon surrender and cancellation of this Bond.

The Successor Agency shall not be required to issue, register the transfer of, or exchange any Bond, during the period from the fifteenth (15th) day of the month preceding each Interest Payment Date to such Interest Payment Date, during the fifteen (15) days preceding the selection of Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed, or on any redemption date.

The Successor Agency and the Fiscal Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Fiscal Agent.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of California.

The Successor Agency has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

(FORM OF CERTIFICATE OF AUTHENTICATION
AND REGISTRATION OF BONDS)

This is one of the Bonds described in the within mentioned Agreement.

Date of Authentication: _____

U.S. BANK TRUST NATIONAL ASSOCIATION

By: _____
Authorized Officer

(FORM OF ASSIGNMENT OF BONDS)

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

\$ _____
**Successor Agency to the Redevelopment Agency of the City of Clayton,
City of Clayton Redevelopment Project Area
Refunding Tax Allocation Bonds, Series 2014
(Bank Qualified)**

PURCHASE CONTRACT

June __, 2014

Successor Agency to the Redevelopment
Agency of the City of Clayton
6000 Heritage Trail
Clayton, California 94517

Ladies and Gentlemen:

The undersigned, JPMorgan Chase Bank, N.A. (the "Purchaser") offers to enter into this Purchase Contract (the "Purchase Contract") with you, the Successor Agency to the Redevelopment Agency of the City of Clayton (the "Successor Agency"), which, upon your acceptance hereof, will be binding upon the Successor Agency and the Purchaser. This offer is made subject to the written acceptance of this Purchase Contract by the Successor Agency and delivery of such acceptance to us at or prior to 11:59 p.m. California time, on the date hereof.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Resolution (defined below).

The Successor Agency hereby acknowledges that: (a) the Purchaser is acting solely as purchaser of the Bonds for its own account and not as a fiduciary for the Successor Agency or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor; (b) the Purchaser has not provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the Successor Agency with respect to the issuance of the Bonds; (c) the Successor Agency will seek and obtain financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the issuance of the Bonds from its financial, legal and other advisors (and not the Purchaser) to the extent that the Successor Agency desires to obtain such advice.

1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Purchaser hereby agrees to purchase from the Successor Agency, and the Successor Agency hereby agrees to sell to the Purchaser, all (but not less than all) of \$ _____ aggregate principal amount of the Successor Agency's City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 2014 (the "Bonds"). The Bonds shall bear interest at the rates, shall mature in the years, and shall be subject to redemption as shown on Appendix A hereto, which is incorporated herein by this reference. The Bonds shall be dated the date of delivery thereof (the "Date of Delivery") and shall be payable as to interest on each February 1 and August 1,

commencing February 1, 2015. The Purchaser shall purchase the Bonds at a price of \$_____ (which is equal to the principal amount of the Bonds).

Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the hereinafter defined Agreement.

2. The Bonds. The Bonds shall be issued and secured pursuant to the provisions of the Indenture and Fiscal Agent Agreement, dated as of December 1, 1990, by and between the Redevelopment Agency of the City of Clayton (the "Former Agency") and Bankers Trust Company of California, N.A., as fiscal agent, as heretofore amended and supplemented and as amended and supplemented by the Fourth Supplemental Indenture and Fiscal Agent Agreement date as of June 1, 2014 (as so amended, the "Agreement") between the Successor Agency and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"), and the Law, the Dissolution Act and the Refunding Law (as such terms are defined in the Agreement). The net proceeds of the Bonds will be used to refund the Series 1996A Bonds and the Series 1999 Bonds (the "Refunded Bonds"), pursuant to the Series 1996A Refunding Instructions and the Series 1999 Refunding Instructions (collectively, the "Refunding Instructions"), respectively, both given by the Successor Agency to the Fiscal Agent. Such net proceeds will be deposited into escrow funds held by the Fiscal Agent and applied to pay the interest on the Refunded Bonds due on and prior to August 1, 2014, and to redeem on such date the outstanding principal of the Refunded Bonds, at a redemption price equal to 100% of the principal amount thereof.

The Bonds shall be executed and delivered under and in accordance with the provisions of the Agreement. The Bonds shall be issued as bonds registered as to both principal and interest, in the denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds shall be initially registered in the name of the Purchaser (rather than the Depository Trust Company ("DTC") or a nominee thereof). The book-entry only system of DTC shall not be initially employed with respect to the Bonds. The Bonds shall not initially bear CUSIP numbers.

3. Closing. At 9:00 A.M., California Time, on June __, 2014 or at such other time or on such other date as shall have been mutually agreed upon by you and us (the "Closing"), you will deliver to us, at such place as we may mutually agree upon, the Bonds in fully registered form, duly executed and authenticated, and at the offices of Jones Hall, A Professional Law Corporation ("Bond Counsel"), in San Francisco, California, the other documents hereinafter mentioned; and we will accept such delivery and pay the purchase prices of the Bonds identified in Section 1 above.

4. Representations, Warranties and Agreements of the Successor Agency. The Successor Agency hereby represents, warrants and agrees with the Purchaser that:

(a) Due Organization. The Successor Agency is a public entity validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Law, the Dissolution Act and the Refunding Law.

(b) Due Authorization. (i) At or prior to the Closing, the Successor Agency will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the Successor Agency has full legal right, power and authority to refund the Refunded Bonds, to enter into this Purchase Contract, the Agreement and the Refunding Instructions, to adopt the resolution authorizing the issuance of the Bonds (the "Resolution"), to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract,

the Agreement, the Refunding Instructions and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the Successor Agency of the obligations contained in the Bonds, the Agreement, the Refunding Instructions and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract constitutes a valid and legally binding obligation of the Successor Agency; (v) the Successor Agency has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract; and (vi) when duly authenticated by the Fiscal Agent, the Bonds will constitute legally valid and binding obligations of the Successor Agency, enforceable against the Successor Agency in accordance with their terms except as enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Contract, the adoption of the Resolution, or the consummation of the other transactions effected or contemplated herein or hereby, that has not been taken or obtained.

(d) Internal Revenue Code. The Successor Agency has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) No Conflicts. To the best knowledge of the Successor Agency, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Agreement, the Refunding Instructions and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the Successor Agency a violation of or default under the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the Successor Agency is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the Successor Agency, threatened against the Successor Agency: (i) in any way affecting the existence of the Successor Agency or in any way challenging the respective powers of the several offices of the Successor Agency or of the titles of the officials of the Successor Agency to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the collection of Pledged Tax Revenues contemplated by the Agreement and the application thereof to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Agreement or the Refunding Instructions or contesting the powers of the Successor Agency or its authority with respect to the Bonds, this Purchase Contract, the Agreement or the Refunding Instructions; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the Successor Agency or the consummation of the transactions contemplated by this Purchase Contract, the Agreement or the Refunding Instructions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds

from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation (all such actions, suits, proceedings, hearings or investigations being, "Material Litigation").

(g) No Default. To the best of Successor Agency's knowledge, no event has occurred that would constitute (i) an event of default (other than a payment default) with respect to which Successor Agency received written notice or (ii) a payment default (whether or not Successor Agency received written notice) under any debt, revenue bond or obligation which Successor Agency has issued during the past ten years, and, the Successor Agency has never failed to budget for and include and maintain funds sufficient and available to meet all payment obligations under any debt, revenue bond or obligation which Successor Agency has issued in each of its past ten fiscal years.

(h) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Purchaser, neither the Successor Agency, nor any person on behalf of the Successor Agency, will have issued in the name and on behalf of the Successor Agency any bonds, notes, or other obligations for borrowed money.

(i) Certificates. Any certificates signed by any officer of the Successor Agency and delivered to the Purchaser shall be deemed a representation and warranty by the Successor Agency to the Purchaser, but not by the person signing the same, as to the statements made therein.

(j) Financial Condition. The financial statements of the Successor Agency for the year ended June 30, 2013, supplied to the Purchaser (i) were prepared in accordance with generally accepted accounting principles, consistently applied, and (ii) fairly present the Successor Agency's financial condition as of the date of the statements. There has been no material adverse change in the Successor Agency's financial condition subsequent to June 30, 2013.

(k) Collection of Pledged Tax Revenues. The Successor Agency hereby agrees to take any and all actions as may be required in order to collect the Pledged Tax Revenues to ensure the timely payment of debt service on the Bonds and compliance with the provisions of the Agreement.

(l) Financial Statements. The Successor Agency hereby agrees to furnish or cause to be furnished to the owner, at the Successor Agency's expense, (i) within 270 days of the end of the Successor Agency's fiscal year, the audited financial statements of the City, which present the Successor Agency as a fiduciary fund of the City, for that year, (ii) within 30 days of the end of the Successor Agency's fiscal year, the annual, approved operating budget of the City, which contains information regarding the budget of the Successor Agency for the subsequent fiscal year, and (iii) such other information that the owner of the Bonds may from time to time reasonably request. Any audited financial statements furnished to the owner shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the Successor Agency's financial condition as of the date of the statements.

(m) Facilitation of Transfers. The Successor Agency hereby agrees that, upon the request of the owner of the Bonds, the Successor Agency shall answer questions from and furnish all documents and information requested by a potential buyer of the Bonds concerning the Successor Agency, the Agreement, the Bonds and the

security therefor, and the transactions and documents related to or contemplated by the foregoing and all matters related thereto.

(n) Notices. The Successor Agency hereby agrees that it shall provide timely notice to the Purchaser of any and all of the following occurrences, through and until the date upon which the Bonds have been fully repaid, redeemed and/or defeased: (i) an event of default under any debt, revenue bond or obligation of the Successor Agency that is outstanding as of the date hereof or that is issued by the Successor Agency hereafter, (ii) any Material Litigation, or governmental proceeding having the effect of Material Litigation, is brought against or to include the Successor Agency, and (iii) any material adverse change in the Successor Agency's financial condition.

(o) No Financial Advisory Relationship. The Successor Agency has had no financial advisory relationship with the Purchaser.

(p) Purchaser Not Fiduciary. Inasmuch as this purchase and sale represents a negotiated transaction, the Successor Agency understands, and hereby confirms, that the Purchaser is not acting as a fiduciary of the Successor Agency, but rather is acting solely in its capacity as Purchaser, for its own account.

(q) Waiver of Sovereign Immunity. During the period the Purchaser holds the Bonds, and to the extent the Successor Agency has or hereafter may acquire under any applicable law any rights to sovereign immunity in any suits or judicial proceedings, the Successor Agency hereby waives and agrees not to claim, to the extent permitted by law, any such rights to immunity for itself in connection with the provision of products and services of the Purchaser, including the purchase of the Bonds.

5. Representations, Warranties, and Agreements of the Purchaser. The Purchaser represents to and agrees with the Successor Agency that, as of the date hereof and as of the Closing:

(a) The Purchaser is validly organized and existing under the laws of the United States of America;

(b) This Purchase Contract constitutes a valid and binding obligation of the Purchaser, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases;

(c) The Purchaser is a Qualified Institutional Buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended;

(d) The Purchaser is not purchasing the Bonds for more than one account, is purchasing the Bonds for its own account and is not purchasing the Bonds with a view to distributing the Bonds;

(e) The Purchaser understands and acknowledges that it is purchasing all of the Bonds and, therefore, the Bonds are being sold to no more than 35 purchasers, each of which is a Qualified Institutional Buyer and each of which is purchasing the Bonds for no more than one account;

(f) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other tax-exempt obligations similar to the Bonds, to be capable of evaluating the merits and risks of an investment in the Bonds, and the Purchaser is able to bear the economic risks of such an investment;

(g) The Purchaser understands and agrees that ownership of a Bond may be transferred (i) only to a Person that the Purchaser reasonably believes is either (A) a Qualified Institutional Buyer that is purchasing such Bond for not more than one account, for their own account and not with a view to distributing such Bond, or (B) an "accredited investor" (each, an "Institutional Accredited Investor") as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act that is purchasing such Bond for not more than one account for investment purposes and not with a view to distributing such Bond, and (ii) only if such Qualified Institutional Buyer or Institutional Accredited Investor delivers to the Successor Agency a completed and duly executed Investor Letter substantially in the form attached hereto as Appendix B;

(h) The Purchaser is not relying upon the Successor Agency, or any of its affiliates, agents or employees, for advice as to the merits and risks of investment in the Bonds, and the Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision;

(i) The Purchaser has conducted its own independent examination of, and has had an opportunity to ask questions and receive answers concerning, the Successor Agency, the Agreement, this Purchase Contract, the Bonds and the security therefor and the transactions and documents related to or contemplated by the foregoing;

(j) The Purchaser has been furnished with the documents listed in Appendix C hereto, as well as all documents and information regarding the Successor Agency, the Agreement, the Bonds and the security therefor and the transactions and documents related to or contemplated by the foregoing, and all matters related thereto, that it has requested;

(k) The Purchaser understands and acknowledges that the initial offering and sale of the Bonds are not subject to or are otherwise exempt from the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934;

(l) Any certificates signed by any officer of the Purchaser and delivered to the Successor Agency shall be deemed a representation and warranty by the Purchaser to the Successor Agency, but not by the person signing the same, as to the statements made therein.

6. Conditions to Closing. The Purchaser has entered into this Purchase Contract in reliance upon the representations and warranties of the Successor Agency contained herein and the performance by the Successor Agency of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Purchaser's obligations under this Purchase Contract are and shall be subject at the option of the Purchaser, to the following further conditions at the Closing:

(a) The representations and warranties of the Successor Agency contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Purchaser prior to the Closing pursuant to the Purchaser's request and at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the Successor Agency shall be in compliance with each of the agreements made by it in this Purchase Contract;

(b) At the time of the Closing, (i) this Purchase Contract and the Agreement shall be in full force and effect and shall not have been amended, modified or supplemented except with respect to the Agreement, and as may otherwise be agreed to in writing by us; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the Successor Agency shall perform or have performed all of its obligations required under or specified in the Agreement, this Purchase Contract, or the Refunding Instructions to be performed at or prior to the Closing;

(c) No decision, ruling or finding shall be entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or shall be pending or threatened, which has any of the effects described in Section 4(g) hereof;

(d) Between the date hereof and the Closing, the market price of the Bonds reflected in Appendix A shall not have been materially adversely affected in the judgment of the Purchaser (evidenced by a written notice to the Successor Agency terminating the obligation of the Purchaser to accept delivery of and pay for the Bonds) by reason of any of the following:

(i) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing the inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(B) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(ii) legislation enacted by the legislature of the State of California (the "State"), or a decision rendered by a court of the State, or a ruling, order or

regulation (final or temporary) made by the State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

(iii) an order, decree or injunction of any court of competent jurisdiction, or an order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance or sale of the Bonds, as contemplated hereby, is or would be in violation of the federal securities laws, as amended and then in effect;

(iv) the occurrence of any adverse change of a material nature of the financial condition, results of operation or properties of the Successor Agency; or

(v) the withdrawal or downgrading of any rating of any of the Successor Agency's outstanding indebtedness by a national rating agency;

(e) At or prior to the date of the Closing, the Purchaser shall receive copies of the following documents satisfactory in form and substance thereto:

(1) Bond Opinion. (i) The approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the Successor Agency, in substantially the form attached hereto as Appendix D;

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Purchaser can rely upon the opinions described in (e)(1)(i) above;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel addressed to the Successor Agency and the Purchaser, in form and substance acceptable to the Purchaser, dated as of the Closing, substantially to the following effect:

(i) assuming due authorization, execution and delivery by all the parties thereto (other than the Successor Agency), the Agreement, the Purchase Contract and the Refunding Instructions have been duly authorized, executed and delivered by the Successor Agency and constitute legal, valid and binding agreements of the Successor Agency enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as such enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State of California;

(ii) no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the

valid authorization, execution and delivery by the Successor Agency of this Purchase Contract or the consummation by the Successor Agency of the other transactions contemplated by the Purchase Contract (provided no opinion need be expressed as to any action required under state securities or blue sky laws in connection with the purchase of the Bonds by the Purchaser); and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Agreement is exempt from qualification as indentures pursuant to the Trust Indenture Act of 1939, as amended; and

(4) Certificates. A certificate signed by appropriate officials of the Successor Agency to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the Successor Agency herein and all statements made in all certificates and other documents delivered to the Purchaser prior to the Closing pursuant to the Purchaser's request are true and correct in all material respects as of the date of Closing, (iii) the Successor Agency has complied with all the terms of the Agreement, the Refunding Instructions and this Purchase Contract to be complied with by the Successor Agency prior to or concurrently with the Closing, and, as to the Successor Agency, such documents are in full force and effect, and (iv) the Bonds being delivered on the date of the Closing to the Purchaser under this Purchase Contract substantially conform to the descriptions thereof contained in the Agreement;

(5) Arbitrage. A nonarbitrage and tax certificate or certificates of the Successor Agency in form satisfactory to Bond Counsel;

(6) Resolution. A certificate or certificates, together with a fully executed copy of the Resolution, of the Secretary to the Successor Agency to the effect that:

- (i) such copy is a true and correct copy of the Resolution; and
- (ii) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked except as provided herein, and is in full force and effect on the date of the Closing.

(7) Oversight Board Resolution. A certificate or certificates, together with a fully executed copy of the resolution of the Oversight Board to the Successor Agency approving the issuance of the Bonds (the "Oversight Board Resolution"), of the Clerk to the such Oversight Board to the effect that:

(i) such copy is a true and correct copy of the Oversight Board Resolution; and

(ii) that the Oversight Board Resolution was duly adopted and has not been modified, amended, rescinded or revoked except as provided herein, and is in full force and effect on the date of the Closing.

- (8) Department of Finance Approval. A letter from the Department of Finance approving the Oversight Board Resolution and the issuance of the Bonds.
- (9) Purchase Contract. An executed copy of this Purchase Contract.
- (10) Agreement. An executed copy of the Agreement.
- (11) Fiscal Agent Certificate. A certificate of the Fiscal Agent, dated the date of closing, signed by a duly authorized officer of the Fiscal Agent, and in form and substance satisfactory to the Purchaser, to the effect that (i) the Fiscal Agent has all necessary power and authority to enter into and perform its duties under the Agreement and the Refunding Instructions; (ii) the Fiscal Agent has duly authorized, executed and delivered the Agreement and the Refunding Instructions, and, assuming due authorization, execution and delivery by the Successor Agency, the Agreement and the Refunding Instructions constitute the valid and binding agreements of the Fiscal Agent enforceable against the Fiscal Agent in accordance with their terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to the application of equitable principles; (iii) the execution and delivery of the Agreement and the Refunding Instructions and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Fiscal Agent and, to the best knowledge of the Fiscal Agent, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Fiscal Agent is subject or by which it is bound; and (iv) no litigation is pending or, to the best knowledge of the Fiscal Agent, threatened (either in state or federal courts) against the Fiscal Agent in any way contesting or affecting the validity or enforceability of the Bonds, the Agreement or the Refunding Instructions;
- (12) Tax Forms. Evidence that federal tax information forms 8038-G with respect to the Bonds have been prepared for filing;
- (13) CDIAC. Copies of preliminary filings with the California Debt and Investment Advisory Commission ("CDIAC") relating to the Bonds;
- (14) Verification Report. A report and opinion (the "Verification Report") of a firm acceptable to the Purchaser with respect to the sufficiency of the funds held under the Refunding Instructions to refund the Refunded Bonds as provided in the Refunding Instructions;
- (15) Defeasance Opinion. A defeasance opinion of Bond Counsel, dated the date of Closing and addressed to the Successor Agency and the Purchaser, with respect to the defeasance of the Refunded Bonds;
- (16) Investor Letter. The Investor Letter, executed by the Purchaser, substantially in the form attached hereto as Appendix B;
- (17) Wire Transfer Request. A copy of the wire transfer request form provided by the Purchaser and executed by the Successor Agency; and

(18) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser may reasonably request to evidence compliance (i) by the Successor Agency with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the Successor Agency herein contained, and (iii) the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the Successor Agency to the Purchaser as provided herein, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the Successor Agency and the Purchaser under Section 10 hereof.

If the Successor Agency is unable to satisfy the conditions to the Purchaser's obligations contained in this Purchase Contract or if the Purchaser's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Purchaser at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the Successor Agency in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Successor Agency hereunder and the performance of any and all conditions contained herein for the benefit of the Purchaser may be waived by the Purchaser in writing at its sole discretion.

7. Conditions to Obligation of the Successor Agency. The Successor Agency has entered into this Purchase Contract in reliance upon the representations and warranties of the Purchaser contained herein and the performance by the Purchaser of its obligations hereunder, both as of the date hereof and as of the Closing. The Successor Agency's obligations under this Purchase Contract are and shall be subject, at the option of the Successor Agency, to the following conditions: (1) the representations and warranties of the Purchaser contained in this Purchase Contract shall be true, complete and correct on the date hereof and on the Closing; (2) at the time of the Closing, this Purchase Contract shall be in full force and effect; (3) at the time of the Closing, the Purchaser shall perform or shall have performed all of its obligations under this Purchase Contract to be performed at or prior to the Closing; and (4) at or prior to the Closing, the Successor Agency shall have received the following, in each case satisfactory in form and substance to the Successor Agency:

- (a) The purchase price of the Bonds, in accordance with Section 1 hereof;
- (b) The receipt of the Purchaser, dated as of the Closing, confirming delivery of the Bonds to the Purchaser;
- (c) A certificate of the Purchaser, dated as of the Closing and signed by an appropriate official of the Purchaser, to the effect that (i) the representations and warranties of the Purchaser contained in this Purchase Contract are true and correct in all material respects on and as of the Closing with the same effect as if made on the Closing, and (ii) the Purchaser has complied with all the terms of this Purchase Contract to be complied with by the Purchaser prior to or concurrently with the Closing and the Purchase Contract is in full force and effect.

8. Expenses. The Successor Agency shall pay the following expenses from proceeds of the Bonds: (i) the cost of the preparation and reproduction of the Agreement; (ii) the fees and disbursements of Bond Counsel, the Successor Agency's placement agent, and the financial advisor to the Successor Agency; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the initial fees of the Fiscal Agent; (v) the fees for obtaining the Verification Report; (vi) expenses for travel, lodging, and subsistence related to meetings connected to the authorization, sale, issuance and distribution of the Bonds, if any; (vii) all reasonable, out-of-pocket costs and expenses incurred by the Purchaser in connection with due diligence and the preparation of documentation, including but not limited to, financial advisory fees (if applicable), and fees of Purchaser's counsel in an amount not to exceed \$10,000; and (viii) all other fees and expenses incident to the issuance and sale of the Bonds, including the CDIAAC fees.

The Successor Agency may cause proceeds of the Bonds designated to pay expenses to be deposited with a fiscal agent of the Successor Agency appointed for such purpose.

9. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Successor Agency: Successor Agency to the Redevelopment Agency
of the City of Clayton
6000 Heritage Trail
Clayton, California 94517
Attention: Executive Director

If to the Purchaser, to: JPMorgan Chase Bank, N.A.
[to come]
Attention:

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

10. Parties in Interest; Survival of Representations and Warranties. This Purchase Contract when accepted by the Successor Agency in writing as heretofore specified shall constitute the entire agreement between the Successor Agency and the Purchaser. This Purchase Contract is made solely for the benefit of the Successor Agency and the Purchaser (including the successors or assigns of the Purchaser). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the Successor Agency in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Purchaser, (b) delivery of and payment by the Purchaser for the Bonds hereunder, and (c) any termination of this Purchase Contract.

11. Execution in Counterparts. This Purchase Contract may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

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13. Applicable Law. This Purchase Contract shall be interpreted, governed and enforced in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: _____
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date set hereforth:

**SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF CLAYTON**

By: _____
Executive Director

DRAFT

APPENDIX A

\$ _____
**Successor Agency to the Redevelopment Agency of the City of Clayton,
 City of Clayton Redevelopment Project Area
 Refunding Tax Allocation Bonds, Series 2014
 [(Bank Qualified)]**

\$ _____ – _____% Current Interest Term Bond due August 1, 2024 – Yield _____%

Redemption Provisions

Optional Redemption. The Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption. The Bonds shall be subject to mandatory redemption in part by lot prior to their maturity date, upon notice as provided in subparagraph (d) below, on each August 1, commencing August 1, 2015, solely from money which has been deposited into the Series 2014 Principal Account in amounts and upon the dates hereby established for the Bonds, as follows:

Date (August 1)	<u>Amount</u>	Date (August 1)	<u>Amount</u>
2015		2020	
2016		2021	
2017		2022	
2018		2023	
2019		2024 (maturity)	

The portion of the Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

**APPENDIX B
FORM OF INVESTOR LETTER**

Successor Agency to the Redevelopment Agency
of the City of Clayton
6000 Heritage Trail
Clayton, California 94517

*Re: Successor Agency to the Redevelopment Agency of the City of Clayton
City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds,
Series 2014*

Ladies and Gentlemen:

The undersigned (the "Purchaser") understands that the Successor Agency to the City of Clayton (the "Successor Agency") has issued its City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 2014 (the "Bonds"), in the aggregate principal amount of \$ _____. The Purchaser intends to purchase certain of said Bonds (for purposes of this Investor Letter, the "Bonds"). In connection with such purchase of the Bonds, the Purchaser makes the certifications, representations, warranties, acknowledgements and covenants contained in this Investor Letter to each of the addressees hereof, with the express understanding that such certifications, representations, warranties, acknowledgements and covenants will be relied upon by such addressees.

The Purchaser hereby certifies, represents, warrants, acknowledges and covenants as follows:

(a) The Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and is authorized to invest in the Bonds being purchased hereby. The person executing this letter on behalf of the Purchaser is duly authorized to do so on the Purchaser's behalf.

(b) The Purchaser (MARK APPROPRIATELY):

_____ is a "qualified institutional buyer" (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or

_____ is an "accredited investor" (an "Institutional Accredited Investor") as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act.

- (c) The Purchaser is not purchasing the Bonds for more than one account, is purchasing the Bonds for its own account and is not purchasing the Bonds with a view to distributing the Bonds.
- (d) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other tax-exempt obligations similar to the Bonds, to be capable of evaluating the merits and risks of an investment in the Bonds, and the Purchaser is able to bear the economic risks of such an investment.
- (e) The Purchaser recognizes that an investment in the Bonds involves significant risks, that there is no established market for the Bonds and that none is likely to develop and, accordingly, that the Purchaser must bear the economic risk of an investment in the Bonds for an indefinite period of time.
- (f) The Purchaser understands and agrees that ownership of a Bond may be transferred (i) only to a Person that the Purchaser reasonably believes is either (A) a Qualified Institutional Buyer that is purchasing such Bond for not more than one account, for their own account and not with a view to distributing such Bond, or (B) an Institutional Accredited Investor that is purchasing such Bond for not more than one account for investment purposes and not with a view to distributing such Bond, and (ii) only if such Qualified Institutional Buyer or Institutional Accredited Investor delivers to the Successor Agency a completed and duly executed Investor Letter substantially in the form hereof.
- (g) The Purchaser is not relying upon the Successor Agency, or any of its affiliates, agents or employees, for advice as to the merits and risks of investment in the Bonds. The Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.
- (h) The Purchaser has conducted its own independent examination of, and has had an opportunity to ask questions and receive answers concerning, the Successor Agency, the Bonds and the security therefor and the transactions and documents related to or contemplated by the foregoing.
- (i) The Purchaser has been furnished with all documents and information regarding the Successor Agency, the Bonds and the security therefor and the transactions and documents related to or contemplated by the foregoing, and all matters related thereto, that it has requested.
- (j) The Purchaser understands and agrees that the offering and sale of the Bonds are exempt from Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, pursuant to Section (d) of said Rule.
- (k) The person executing this letter on behalf of the Purchaser is duly authorized to do so on the Purchaser's behalf.

IN WITNESS WHEREOF, the Purchaser has executed this Investor Letter as of the date set forth below.

Dated: _____, 20__

Very truly yours,

By: _____
Name: _____
Title: _____

DRAFT

APPENDIX C

[to come]

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APPENDIX D

[Opinion of Bond Counsel]

[to come]

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IRREVOCABLE REFUNDING INSTRUCTIONS - [1999 Bond]

These IRREVOCABLE REFUNDING INSTRUCTIONS (these "Instructions"), dated June __, 2014, are given by the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CLAYTON, a public entity existing under the laws of the State of California (the "Successor Agency"), as successor agency to the REDEVELOPMENT AGENCY OF THE CITY OF CLAYTON (the "Former Agency"), to U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, acting as fiscal agent (the "Fiscal Agent") for the hereinafter defined Series 1999 Bonds;

WITNESSETH:

WHEREAS, the Former Agency has previously issued its City of Clayton Redevelopment Project Area Tax Allocation Bonds, Series 1999 (the "Series 1999 Bonds") for the purpose of financing redevelopment activities with respect to the Redevelopment Project (as defined in the hereinafter mentioned Agreement), pursuant to an Indenture and Fiscal Agent Agreement, dated as of December 1, 1990 between the former Agency and Bankers Trust Company of California, N.A., as succeeded by the Fiscal Agent (as amended through the date hereof, including by the hereinafter defined Fourth Supplemental Agreement, the "Agreement"); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 ("AB 26"), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the Agreement and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 1999 Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing its City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 2014 (the "Series 2014 Bonds") and applying a portion of the proceeds thereof, together with certain other moneys, to defease and redeem all of the outstanding Series 1999 Bonds; and

WHEREAS, the Series 2014 Bonds are being issued pursuant to a Fourth Supplemental Indenture and Fiscal Agent Agreement dated as of June 1, 2014 (the "Fourth Supplemental Agreement"), between the Successor Agency and the Fiscal Agent; and

WHEREAS, the Successor Agency wishes to give these Instructions to the Fiscal Agent for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and redemption of the outstanding Series 1999 Bonds;

NOW, THEREFORE, the Successor Agency hereby irrevocably instructs the Fiscal Agent as follows:

Section 1. Establishment of the Series 1999 Bonds Escrow Fund. The Fiscal Agent shall establish and hold, separate and apart from all other funds and accounts held by it, a special fund known as the "Series 1999 Bonds Escrow Fund" (the "Escrow Fund"). All amounts on deposit in the Escrow Fund are hereby irrevocably pledged as a special trust fund for the redemption of all of the outstanding Series 1999 Bonds on August 1, 2014. Neither the Fiscal Agent nor any other person shall have a lien upon or right of set off against the amounts at any time on deposit in the Escrow Fund, and such amounts shall be applied only as provided herein.

Section 2. Deposit into the Series 1999 Bonds Escrow Fund; Investment of Amounts. Concurrently with delivery of the Series 2014 Bonds, the Successor Agency shall cause to be deposited in the Escrow Fund the amount of \$ _____ in immediately available funds to be derived from a portion of the proceeds of sale of the Series 2014 Bonds. Additionally, the Fiscal Agent will also transfer for deposit into the Escrow Fund the amount of \$ _____, representing _____. The Successor Agency hereby directs the Fiscal Agent to invest all amounts on deposit in the Escrow Fund in _____.

The Successor Agency signifies that by making the deposit described herein, it is discharging the Series 1999 Bonds pursuant to the Agreement.

Section 3. Proceedings for Redemption of Series 1999 Bonds. The Successor Agency hereby irrevocably elects, and directs the Fiscal Agent, to redeem, on August 1, 2014, from amounts on deposit in the Escrow Fund, the outstanding Series 1999 Bonds. The Fiscal Agent acknowledges, that by accepting these instructions, it will give a notice of such redemption in accordance with the Agreement in order to allow for the redemption of the Series 1999 Bonds on August 1, 2014.

Section 4. Application of Funds to Redeem Series 1999 Bonds. The Fiscal Agent shall apply the amounts on deposit in the Escrow Fund to redeem the outstanding Series 1999 Bonds on August 1, 2014 at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, all in accordance with the Agreement.

Section 5. Transfer of Remaining Funds. On August 2, 2014, following the payment and redemption described above and payment of any amounts then owed to the Fiscal Agent, the Fiscal Agent shall withdraw any amounts remaining on deposit in the Escrow Fund and transfer such amounts into the Series 2014 Interest Account established under the Fourth Supplemental Agreement to be used solely for the purpose of paying interest on the Series 2014 Bonds.

Section 6. Amendment. These Instructions shall be irrevocable by the Successor Agency. These Instructions may be amended or supplemented by the Successor Agency, but only if the Successor Agency shall file with the Fiscal Agent (a) an opinion of nationally recognized bond counsel engaged by the Successor Agency stating that such amendment or supplement will not, of itself, adversely affect the exclusion from gross income of interest on the Series 1999 Bonds or the Series 2014 Bonds under federal income tax law, and (b) a certification of an independent accountant or independent financial adviser engaged by the Successor Agency stating that such amendment or supplement will not affect the sufficiency of funds invested and held hereunder to make the payments required by Section 4.

Section 7. Application of Certain Terms of the Agreement. All of the terms of the Agreement relating to the payment of principal of and interest and repayment premium, if any, on the Series 1999 Bonds and the redemption thereof, and the protections, immunities and limitations from liability afforded the Fiscal Agent, are incorporated in these Instructions as if set forth in full herein.

Section 8. Counterparts. These Instructions may be signed in several counterparts, each of which will constitute an original, but all of which will constitute one and the same instrument.

Section 9. Governing Law. These Instructions shall be construed in accordance with and governed by the laws of the State of California.

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF CLAYTON**

By: _____

ACCEPTED:

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Officer

IRREVOCABLE REFUNDING INSTRUCTIONS - [1996A Bond]

These IRREVOCABLE REFUNDING INSTRUCTIONS (these "Instructions"), dated June __, 2014, are given by the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CLAYTON, a public entity existing under the laws of the State of California (the "Successor Agency"), as successor agency to the REDEVELOPMENT AGENCY OF THE CITY OF CLAYTON (the "Former Agency"), to U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, acting as fiscal agent (the "Fiscal Agent") for the hereinafter defined Series 1996A Bonds;

WITNESSETH:

WHEREAS, the Former Agency has previously issued its City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 1996A (the "Series 1996A Bonds") for the purpose of financing and refinancing redevelopment activities with respect to the Redevelopment Project (as defined in the hereinafter mentioned Agreement), pursuant to an Indenture and Fiscal Agent Agreement, dated as of December 1, 1990 between the former Agency and Bankers Trust Company of California, N.A., as succeeded by the Fiscal Agent (as amended through the date hereof, including by the hereinafter defined Fourth Supplemental Agreement, the "Agreement"); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 ("AB 26"), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the Agreement and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 1996A Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing its City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 2014 (the "Series 2014 Bonds") and applying a portion of the proceeds thereof, together with certain other moneys, to defease and redeem all of the outstanding Series 1996A Bonds; and

WHEREAS, the Series 2014 Bonds are being issued pursuant to a Fourth Supplemental Indenture and Fiscal Agent Agreement dated as of June 1, 2014 (the "Fourth Supplemental Agreement"), between the Successor Agency and the Fiscal Agent; and

WHEREAS, the Successor Agency wishes to give these Instructions to the Fiscal Agent for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and redemption of the outstanding Series 1996A Bonds;

NOW, THEREFORE, the Successor Agency hereby irrevocably instructs the Fiscal Agent as follows:

Section 1. Establishment of the Series 1996A Bonds Escrow Fund. The Fiscal Agent shall establish and hold, separate and apart from all other funds and accounts held by it, a special fund known as the "Series 1996A Bonds Escrow Fund" (the "Escrow Fund"). All amounts on deposit in the Escrow Fund are hereby irrevocably pledged as a special trust fund for the redemption of all of the outstanding Series 1996A Bonds on August 1, 2014. Neither the Fiscal Agent nor any other person shall have a lien upon or right of set off against the amounts at any time on deposit in the Escrow Fund, and such amounts shall be applied only as provided herein.

Section 2. Deposit into the Series 1996A Bonds Escrow Fund; Investment of Amounts. Concurrently with delivery of the Series 2014 Bonds, the Successor Agency shall cause to be deposited in the Escrow Fund the amount of \$ _____ in immediately available funds to be derived from a portion of the proceeds of sale of the Series 2014 Bonds. Additionally, the Fiscal Agent will also transfer for deposit into the Escrow Fund the amount of \$ _____, representing _____. The Successor Agency hereby directs the Fiscal Agent to invest all amounts on deposit in the Escrow Fund in _____.

The Successor Agency signifies that by making the deposit described herein, it is discharging the Series 1996A Bonds pursuant to the Agreement.

Section 3. Proceedings for Redemption of Series 1996A Bonds. The Successor Agency hereby irrevocably elects, and directs the Fiscal Agent, to redeem, on August 1, 2014, from amounts on deposit in the Escrow Fund, the outstanding Series 1996A Bonds. The Fiscal Agent acknowledges that by accepting these instructions, it will give a notice of such redemption in accordance with the Agreement in order to allow for the redemption of the Series 1996A Bonds on August 1, 2014.

Section 4. Application of Funds to Redeem Series 1996A Bonds. The Fiscal Agent shall apply the amounts on deposit in the Escrow Fund to redeem the outstanding Series 1996A Bonds on August 1, 2014 at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, all in accordance with the Agreement.

Section 5. Transfer of Remaining Funds. On August 2, 2014, following the payment and redemption described above and payment of any amounts then owed to the Fiscal Agent, the Fiscal Agent shall withdraw any amounts remaining on deposit in the Escrow Fund and transfer such amounts into the Series 2014 Interest Account established under the Fourth Supplemental Agreement to be used solely for the purpose of paying interest on the Series 2014 Bonds.

Section 6. Amendment. These Instructions shall be irrevocable by the Successor Agency. These Instructions may be amended or supplemented by the Successor Agency, but only if the Successor Agency shall file with the Fiscal Agent (a) an opinion of nationally recognized bond counsel engaged by the Successor Agency stating that such amendment or supplement will not, of itself, adversely affect the exclusion from gross income of interest on the Series 1996A Bonds or the Series 2014 Bonds under federal income tax law, and (b) a certification of an independent accountant or independent financial adviser engaged by the

Successor Agency stating that such amendment or supplement will not affect the sufficiency of funds invested and held hereunder to make the payments required by Section 4.

Section 7. Application of Certain Terms of the Agreement. All of the terms of the Agreement relating to the payment of principal of and interest and repayment premium, if any, on the Series 1996A Bonds and the redemption thereof, and the protections, immunities and limitations from liability afforded the Fiscal Agent, are incorporated in these Instructions as if set forth in full herein.

Section 8. Counterparts. These Instructions may be signed in several counterparts, each of which will constitute an original, but all of which will constitute one and the same instrument.

Section 9. Governing Law. These Instructions shall be construed in accordance with and governed by the laws of the State of California.

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF CLAYTON**

By: _____

ACCEPTED:

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Officer

RESOLUTION NO. 02-2014SA

**A RESOLUTION OF THE CITY OF CLAYTON, CALIFORNIA
ACTING AS SUCCESSOR AGENCY TO THE FORMER
CLAYTON REDEVELOPMENT AGENCY, APPROVING THE ISSUANCE OF REFUNDING
BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF CLAYTON, APPROVING THE EXECUTION
AND DELIVERY OF A FOURTH SUPPLEMENTAL INDENTURE AND FISCAL AGENT
AGREEMENT RELATING THERETO, REQUESTING OVERSIGHT BOARD APPROVAL OF
THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN
DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHER
MATTERS PROPERLY RELATING THERETO**

**THE CITY COUNCIL (AS SUCCESSOR AGENCY)
City of Clayton, California**

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "Redevelopment Law"), the City Council (the "City Council") of the City of Clayton (the "City") adopted in accordance with the California Community Redevelopment Law, City Ordinance No. 243 on 20 July 1987 adopting the Redevelopment Plan for the Clayton Redevelopment Project Area (the "Redevelopment Plan"), as amended from time to time; and

WHEREAS, the Redevelopment Agency of the City of Clayton (the "Former Agency") was responsible for implementing the Redevelopment Plan pursuant to said Redevelopment Law; and

WHEREAS, the Former Agency has previously issued its City of Clayton Redevelopment Project Area Tax Allocation Bonds, Series 1990 (the "Series 1990 Bonds"), pursuant to an Indenture and Fiscal Agent Agreement, dated as of December 1, 1990, by and between the Former Agency and Bankers Trust Company of California, N.A. (the "Original Agreement"); and

WHEREAS, the Former Agency has previously issued Parity Obligations (as defined in the Original Agreement) designated its City of Clayton Redevelopment Project Area Tax Allocation Bonds, Series 1993 (the "Series 1993 Bonds"), pursuant to a First Supplemental Indenture and Fiscal Agent Agreement, dated as of December 1, 1993 (the "First Supplemental Agreement"), by and between the Former Agency and First Trust of California, National Association; and

WHEREAS, the Former Agency has previously issued Parity Obligations designated its City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 1996A (the "Series 1996A Bonds") and its City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 1996B (Taxable) the "Series 1996B Bonds" and, together with the Series 1996A Bonds, the "Series 1996 Bonds"), pursuant to a Second Supplemental Indenture and Fiscal Agent Agreement, dated as of November 1, 1996 (the "Second Supplemental

Agreement"), by and between the Former Agency and First Trust of California, National Association; and

WHEREAS, the Former Agency has previously issued Parity Obligations designated its City of Clayton Redevelopment Project Area Tax Allocation Bonds, Series 1999 (the "Series 1999 Bonds"), pursuant to a Third Supplemental Indenture and Fiscal Agent Agreement, dated as of May 1, 1999 (the "Third Supplemental Agreement"), by and between the Former Agency and U.S. Bank Trust National Association; and

WHEREAS, Assembly Bill X1 26 (as amended, the "Dissolution Act") and Assembly Bill X1 27 (the "Alternative Redevelopment Program Act") were enacted by the State of California on 28 June 2011, to significantly modify the Community Redevelopment Law and to end the existence of or modify continued operation of redevelopment agencies throughout the state (Health & Safety Code §33000, et seq.; the "Redevelopment Law"); and

WHEREAS, on August 11, 2011, the California Supreme Court agreed to review the California Redevelopment Association and League of California Cities' petition challenging the constitutionality of these Redevelopment Restructuring Acts; and

WHEREAS, on December 29, 2011, the California Supreme Court ruled that the Dissolution Act is largely constitutional and the Alternative Redevelopment Program Act is unconstitutional; and

WHEREAS, the Court's decision means that all California redevelopment agencies, including the Former Agency, are now terminated and have been automatically dissolved on February 1, 2012 pursuant to the Dissolution Act; and

WHEREAS, on January 17, 2012 by Resolution No. 03-2012, the Clayton City Council did exercise its priority right and took action to become the Successor Agency to the Former Agency (the "Successor Agency"); and

WHEREAS, Section 34177.5 of the Dissolution Act, as defined herein (except as otherwise noted, all section references herein are to the Dissolution Act), authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Agency, subject to the conditions precedent contained in said Section 34177.5; and

WHEREAS, the Dissolution Act, among other things, authorizes the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters (the "Savings Parameters") set forth said Section 34177.5(a)(1); and

WHEREAS, the Successor Agency has determined that it will achieve debt service savings within such parameters by the issuance pursuant to the Law, the Dissolution Act, the Refunding Law and the Original Agreement, as heretofore amended and supplemented by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement, and as amended and supplemented by the Fourth Supplemental Indenture and Fiscal Agent Agreement expected to be dated as of June 1, 2014 (the "Fourth Supplemental Agreement" and, together with the Original Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement, the

“Agreement”), by and between the Successor Agency and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), of its not to exceed \$4,000,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Clayton City of Clayton Redevelopment Project Area Refunding Tax Allocation Bonds, Series 2014 (the “Refunding Bonds”), to refund the Series 1996A Bonds and the Series 1999 Bonds (collectively, the “Prior Bonds”), which bonds are the only obligations currently outstanding under the Agreement; and

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of the Refunding Bonds, the Successor Agency has caused its financial advisor (the “Financial Advisor”) to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to repay the Prior Bonds and, thereby, to refund the Prior Bonds (the “Debt Service Savings Analysis”); and

WHEREAS, the Successor Agency wishes at this time to approve the issuance of the Refunding Bonds and to approve the form of and authorize the execution and delivery of the Fourth Supplemental Agreement and the Irrevocable Refunding Instructions to be delivered by the Successor Agency to the Fiscal Agent, as fiscal agent for the Prior Bonds, one each for the Series 1996A Bonds and the Series 1999 Bonds, each to be dated as of the date of the issuance and delivery of the Refunding Bonds (collectively, the “Refunding Instructions”); and

WHEREAS, pursuant to Section 34179 of the Dissolution Act, an oversight board (the “Oversight Board”) has been established for the Successor Agency; and

WHEREAS, the Successor Agency is now requesting that the Oversight Board approve the issuance of the Refunding Bonds pursuant to this Resolution and the Agreement; and

WHEREAS, the Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds; and

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds to JPMorgan Chase Bank, N.A. (the “Original Purchaser”) pursuant to the terms of the Purchase Contract (the “Purchase Contract”) to be entered into by the Successor Agency and the Original Purchaser;

NOW, THEREFORE, BE IT RESOLVED that the City Council of Clayton, California, serving as the Successor Agency, does hereby find the above Recitals are true and correct and have served, together with the supporting documents, as the basis for the findings and approvals set forth below.

BE IT FURTHER RESOLVED:

1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to provide funds to refund and defease the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the City Clerk [as the secretary (the “Secretary”) of the Successor Agency] which Debt Service Savings Analysis is hereby approved.

2. Approval of Issuance of the Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Law, the Dissolution Act and the Refunding Law in the combined aggregate principal amount of not to exceed \$4,000,000, provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery.

3. Approval of Fourth Supplemental Agreement. The Successor Agency hereby approves the Fourth Supplemental Agreement prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. Each of the Mayor, as the Chair and presiding officer of the Successor Agency, the Vice Mayor, as the Vice Chair of the Successor Agency, or the City Manager of the City of Clayton, as the chief administrative officer of the Successor Agency (each, an "Authorized Officer"), is hereby authorized and directed to execute and deliver, and the City Clerk, [as the Secretary of the Successor Agency], is hereby authorized and directed to attest to, the Fourth Supplemental Agreement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary of the Successor Agency, with such changes therein (including the change with respect to the Reserve Account as provided below), deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Fourth Supplemental Agreement.

In the event that the Authorized Officers determine it is in the best interest of the Successor Agency to include a Reserve Account to be held by the Fiscal Agent pursuant to the Fourth Supplemental Agreement in order to provide additional security for the Refunding Bonds, the Authorized Officers are hereby authorized and directed to cause the Fourth Supplemental Agreement to be revised to include a Reserve Account, provided that the amount deposited therein shall not exceed the amount generally deposited in reserve accounts securing similar tax exempt tax increment obligations.

4. Approval of Refunding Instructions. The forms of the Refunding Instructions on file with the City Clerk [as the Secretary of the Successor Agency], are hereby approved, and the Authorized Officers are, each acting alone hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Refunding Instructions. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Refunding Instructions.

5. Oversight Board Approval of the Issuance of the Refunding Bonds. The Successor Agency hereby requests the Oversight Board as authorized by Section 34177.5(f) and Section 34180 to approve the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1) and this Resolution and the Agreement (including the Fourth Supplemental Agreement), and such approval shall be deemed to be the direction of the Oversight Board to the Successor Agency to proceed with the issuance, sale and delivery of the Refunding Bonds pursuant to Section 34177.5(f) for purposes of the recovery of its related costs in connection with the Refunding Bonds.

6. Determinations by the Oversight Board. The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Contra Costa County Auditor-Controller or any other person or entity other than the Successor Agency;

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34183(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

7. Filing of Debt Service Savings Analysis and Resolution. The City Clerk [as the Secretary of the Successor Agency] is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) with the Contra Costa County Chief Administrative Officer, the Contra Costa Auditor-Controller and the California Department of Finance.

8. Sale of Refunding Bonds. The Successor Agency hereby approves the Purchase Contract and the sale and delivery of the Refunding Bonds to the Original Purchaser on the terms and conditions set forth therein and in the Term Sheet dated April 23, 2014 (the "Term Sheet") from the Original Purchaser. The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver the Purchase Contract for and in the name and on behalf of the Successor Agency, in substantially the form on file with the City Clerk [as the Secretary of the Successor Agency], with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Contract. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Purchase Contract and the Term Sheet.

9. Issuance of Refunding Bonds in Whole or in Part. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters and that such refunding in whole is otherwise feasible. However, the Successor Agency hereby authorizes the sale and delivery of the Refunding Bonds in whole or, if such Savings Parameters cannot be met or if it is otherwise not feasible to refund certain of the Prior Bonds, then in part; provided that the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Refunding Bonds that meet the Savings Parameters. In the event the

Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds without the prior approval of the Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

10. Bank Qualification. The Successor Agency hereby designates the Series 2014 Bonds for purposes of paragraph (3) of section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income tax purposes (excludable (i) private activity bonds, as defined in section 141 of the Code, except qualified 501(c)(3) bonds as defined in section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including the Series 2014 Bonds, has been or will be issued by the Successor Agency, including all subordinate entities of the Successor Agency, during the calendar year 2014.

11. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and the California Department of Finance and in the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

AND BE IT FURTHER RESOLVED that this Resolution shall and does take immediate effect upon its adoption.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Clayton, California at a regular public meeting thereof held on the 6th day of May 2014 by the following vote:


AYES: Mayor Stratford, Vice Mayor Shuey, Councilmembers Geller and Pierce.

NOES: None.

ABSENT: Councilmember Diaz.

ABSTAIN: None.

THE CITY COUNCIL OF CLAYTON, CA
Serving as the Clayton Successor Agency



Hank Stratford, Mayor

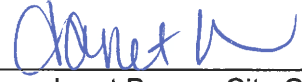
ATTEST:



Janet Brown, City Clerk

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I certify that the foregoing is a true and correct copy of the original Resolution on file in the office of the City Clerk of and for the City of Clayton.



Janet Brown, City Clerk