

**OVERSIGHT BOARD OF THE DISSOLVED SONOMA COMMUNITY  
DEVELOPMENT AGENCY (CDA)**

RES. NO. 04 - 2013

**A RESOLUTION APPROVING THE LONG RANGE PROPERTY MANAGEMENT PLAN  
PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5(C)(1)**

WHEREAS, Health and Safety Code section 34191.5(c)(1) requires the Successor Agency to the Dissolved Sonoma Community Development Agency (CDA) to prepare a long range property management plan that details each commercial property that was owned by redevelopment when it was eliminated; and

WHEREAS, the long range property management plan must be reviewed and approved by the State Department of Finance before any potential real estate transaction can occur; and

WHEREAS, the CDA owned one commercial property when redevelopment was eliminated, and said properties are in the control of the Successor Agency, which has prepared the Long Range Property Management Plan; and

WHEREAS, the Long Range Property Management Plan was presented to and approved by the City Council acting as the Successor Agency at the September 16 2013 City Council meeting; and

WHEREAS, Health and Safety Code Section 34191.5(c)(1) requires that the Oversight Board consider and approve the Long Range Property Management Plan before it is submitted to the Department of Finance for its review; and

WHEREAS, it benefits the Successor Agency to seek approval of the Long Range Property Management Plan expeditiously in order to effectuate the sale of some or all of these properties at the earliest possible date.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. CEQA Compliance. The approval of the Long Range Property Management Plan through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 3. Approval of the Long Range Property Management Plan. The Oversight Board hereby approves and adopts the Long Range Property Management Plan, in substantially the form attached to this Resolution as Exhibit A, pursuant to Health and Safety Code Section 34191.5(c)(1).

SECTION 4. Implementation. The Oversight Board hereby directs the RDA Successor Agency to submit a copy of the Long Range Property Management Plan approved by the Oversight Board, to the State of California Department of Finance after the effective date of this Resolution.

SECTION 5. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 6. Effective Date. Pursuant to Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

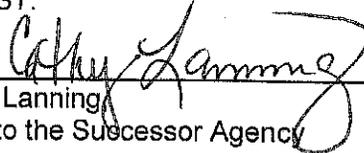
ADOPTED this 25th day of September, 2013, by the following vote:

AYES: Brawn, Blum, Fagg, Hudson  
NOES: None  
ABSENT: Calvert, Gibson, Roberts



Ken Brown Chairperson

ATTEST:



Cathy Lanning  
Clerk to the Successor Agency



## LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

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**Instructions:** Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

Redevelopment\_Administration@dof.ca.gov

The subject line should state "[Agency Name] Long-Range Property Management Plan". The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to [Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov).

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Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

### GENERAL INFORMATION:

Agency Name: **City of Sonoma/former Sonoma Community Development Agency**

Date Finding of Completion Received: May 7, 2013

Date Oversight Board Approved LRPMP: September 25, 2013

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### Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes  No

For each property the plan includes the purpose for which the property was acquired.

Yes  No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes  No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes  No

For each property the plan includes an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

Yes  No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

Yes  No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

Yes  No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

Yes  No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

Yes  No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Yes  No

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## ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

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**Agency Contact Information**

Name: Carol Giovanatto

Name: Cathy Lanning

Title: City Manager

Title: Admin Svs Mgr

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Email: clanning@sonomacity.org

Date: 9/26/2013

Date: 9/26/2013

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**Department of Finance Local Government Unit Use Only**DETERMINATION ON LRPMP:  APPROVED  DENIED

APPROVED/DENIED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVAL OR DENIAL LETTER PROVIDED:  YES DATE AGENCY NOTIFIED: \_\_\_\_\_

Successor Agency: SONOMA COMMUNITY DEVELOPMENT AGENCY  
County: SONOMA

**LONG RANGE PROPERTY MANAGEMENT PLAN: PROPERTY INVENTORY DATA**

No.	Property Type	HSC 34191.5 (c)(2)		HSC 34191.5 (c)(1)(A)		
		Permissable Use	Permissable Use Detail	Acquisition Date	Value at Time of Purchase	Estimated Current Value

**LONG RANGE PROPERTY MANAGEMENT PLAN: PROPERTY INVENTORY DATA**

No.	Property Type	HSC 34191.5 (c)(2)		HSC 34191.5 (c)(1)(A)		
		Permissible Use	Permissible Use Detail	Acquisition Date	Value at Time of Purchase	Estimated Current Value
1	Mixed-Use	Sale of Property	Sale of Property based on appraisal and open real estate sale	March 15, 2006	2,300,000	To be determined by appraisal

**LONG RANGE PROPERTY MANAGEMENT PLAN: PROPERTY**

		HSC 3419			SALE OF PROPERTY	
No.	Property Type	Permissible Use	Value Basis	Date of Estimated Current Value	Proposed Sale Value	Proposed Sale Date
1	Mixed-Use	Sale of Property	Appraised	To be determined	unknown	unknown

**LONG RANGE PROPERTY MANAGEMENT PLAN: PROPERTY**

		HSC 3411	HSC 34191.5 (c)(1)(B)	HSC 34191.5 (c)(1)(C)			
No.	Property Type	Permissible Use	Purpose for which property was acquired	Address	APN #	Lot Size	Current Zoning
1	Mixed-Use	Sale of Property	Economic Development	32 Patten Street, Sonoma, CA	018-212-032	18,375 sq. ft.	Mixed Use

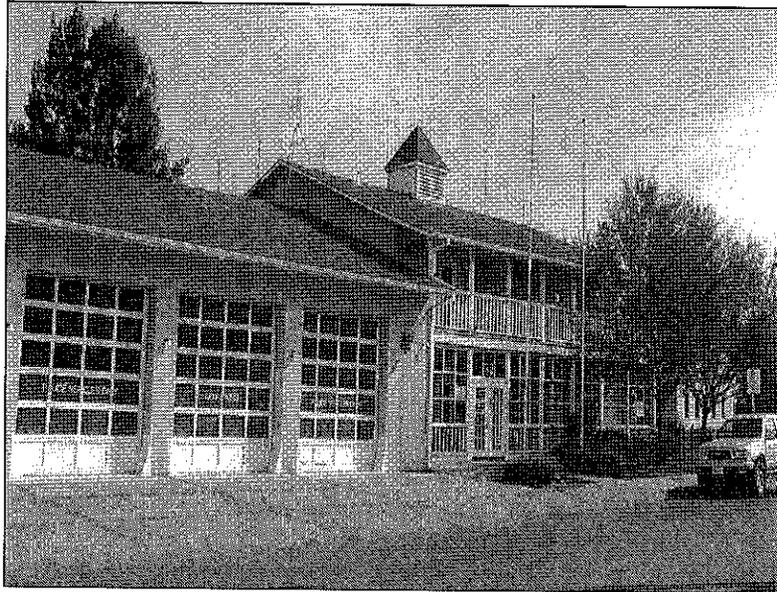
**LONG RANGE PROPERTY MANAGEMENT PLAN: PROPERTY**

		HSC 3419	HSC 34191.5 (c)(1)(D)	HSC 34191.5 (c)(1)(E)	
No.	Property Type	Permissible Use	Estimate of Current Parcel Value	Estimate of Income/Revenue	Contractual requirements for use of income/revenue
1	Mixed-Use	Sale of Property	825,000	Unknown.	None. Revenue from sale to be propriantly distributed to taxing entities.

**LONG RANGE PROPERTY MANAGEMENT PLAN: PROPERTY**

No.	Property Type	Permissible Use	HSC 3419	HSC 34191.5 (c)(1)(F)	HSC 34191.5 (c)(1)(G)	HSC 34191.5 (c)(1)(H)	
				History of environmental contamination, studies, and/or remediation, and designation as a brownfield site	Description of property's potential for transit oriented development	Advancement of planning objectives of the successor agency	History of previous development proposals and activity
1	Mixed-Use	Sale of Property		The subject property formerly included a fuel dispensing system with two underground storage tanks. These tanks were removed in 1999 and contaminated soils were removed during 2009, per an approved Remedial Action Plan. Per the plan, monitoring wells were installed and groundwater monitoring was conducted under the supervision of the Sonoma County Department of Health Services, Environmental Health Division. The property had been listed as an active site in the SCDHS-EHS Local Oversight Program and was identified as SCDHS-EHD Site #00023763 and as SFBRWQCB Site #49-0295. However, as of 2012, the site is considered to be closed by the SCDHS as the remediation plan was successfully implemented.	The potential of the property to be developed as a transit oriented development is extremely limited due to the small size of the parcel and the fact that transit services in the area are limited to local and regional bus service.	While under the ownership of the former Sonoma Community Development Agency (CDA), the Board of the CDA identified five development objectives for the site (see LRPMP). Selling the property so that it may be redeveloped will help further the objectives identified by the former CDA.	While under the ownership of the former Sonoma Community Development Agency (CDA), the Board of the CDA identified development objectives for the site and issued a request for qualifications in order to identify a developer to redevelop the site in accordance with those objectives. The CDA Board selected a development partner and entered into an exclusive negotiating agreement. However, although plans were submitted for environmental review and use permit review, this process had not been completed at the time redevelopment was terminated and the exclusive negotiating agreement expired.

# LONG RANGE PROPERTY MANAGEMENT PLAN



*Prepared by*

City of Sonoma  
Successor Agency to the Sonoma Community Development Agency

September 16, 2013



## **Introduction**

AB XI 26, which outlines the redevelopment dissolution process, required the Community Development Agency of the City of Sonoma (“CDA”) to transfer all of its real estate assets to the Successor Agency (the “Agency”) by February of 2012. Pursuant to this requirement, the Sonoma CDA transferred one property to the Successor Agency. Subsequent legislation, AB 1484, further clarified the dissolution process; and requires the Successor Agency to submit a Long Range Property Management Plan (“LRPMP”) to the Oversight Board and Department of Finance (“DOF”) that outlines the proposed plan to dispose of or use of the property formerly owned by the CDA. This document serves as the Long Range Property Management Plan for Successor Agency to the Sonoma Community Development Agency.

The Successor Agency is now responsible for disposition of the property in accordance with the procedures and requirements of Redevelopment Dissolution Statutes, with particular reference to Health and Safety Code Section 34191.1, 34191.3, 34191.4(a), and 34191.5 (copies of which are attached as Appendix A). The approved LRPMP will serve to determine if the property should be:

1. Retained for governmental use.
2. Retained for future development.
3. Retained to fulfill an enforceable obligation.
4. Sold.

This LRPMP will be presented to the Sonoma CDA Successor Agency (i.e., the City Council) for consideration of approval on September 16, 2013. Following approval of the LRPMP by the Successor Agency, the Agency will seek approval of the Plan from the Oversight Board (scheduled for September 25, 2013) and then from the California Department of Finance (DOF), pursuant to Health and Safety Code Section 34179.7.

## **Requirements for Approval of a Long-Range Property Management Plan**

Prior to approval of a final LRPMP and subsequent disposition of real estate assets, the Successor Agency must comply with several requirements under AB 1484, summarized as follows:

1. *Due Diligence Reviews (“DDR’s”).* DDR for Low & Moderate Housing—Department of Finance approval received December 21, 2012; DDR for All Other Funds—Department of Finance approval received March 22, 2013.
2. *Remit all cash assets to the County-Auditor Controller and taxing entities.* Completed—April 30, 2013
3. *DOF issues Finding of Completion.* Completed—May 7, 2013. (See Appendix B.)
4. *Develop and Approve LRPM Plan:*
  - Successor Agency Approval – Scheduled for September 16, 2013
  - Oversight Board Approval – scheduled for September 25, 2013.
  - DOF Approval – LRPM Plan must be submitted to DOF no later than November 7, 2013.

Upon the completion of these requirements, the Successor Agency may dispose of real estate assets in accordance with LRPMP.

## Summary of Properties Owned by the Successor Agency

*Property Description and Acquisition.* As discussed above, a single property has been transferred to the Successor Agency (APN 018-212-032). The site, which is located at 32 Patten Street, is a rectangular parcel having an area of 18,375 square feet, with frontage on Broadway, Patten Street, and First Street East. (See Figure 1: Location Map and Appendix C: Legal Description and Plat Map.) The site is developed with a now vacant fire station structure, along with associated parking and landscaping. (See Figure 2: Site Plan.) Improvements occupy 9,671 square feet and net usable space is 9,356 square feet. Easterly improvements include a two-story building made of steel, stucco, wood and concrete. The ground floor contains lobby, reception areas, offices and storage. The second floor consists of a larger meeting room, kitchen, living room, sleeping quarters and bathroom. The south side of the building features an enclosed porch, which runs the length of the building. The westerly portion of the building is a long, single story structure with 14-foot ceilings, which housed fire trucks and ambulances. Six roll-up doors are located on the south side of the building, facing Patten Street. A paved parking lot with 12 spaces, accessible from Broadway, is located on the west side of the site. Adjoining land uses are as follows:

- *North:* Two single-family homes on separate parcels, each having historic significance (Commercial zoning district/Historic District Overlay zone).
- *South:* A service station and two office buildings (Commercial zoning district/Historic District Overlay zone).
- *East:* An office building (converted from a former residence), located across First Street East (Commercial zoning district/Historic District Overlay zone).
- *West:* Offices and retail (Commercial zoning district/Historic District Overlay zone).

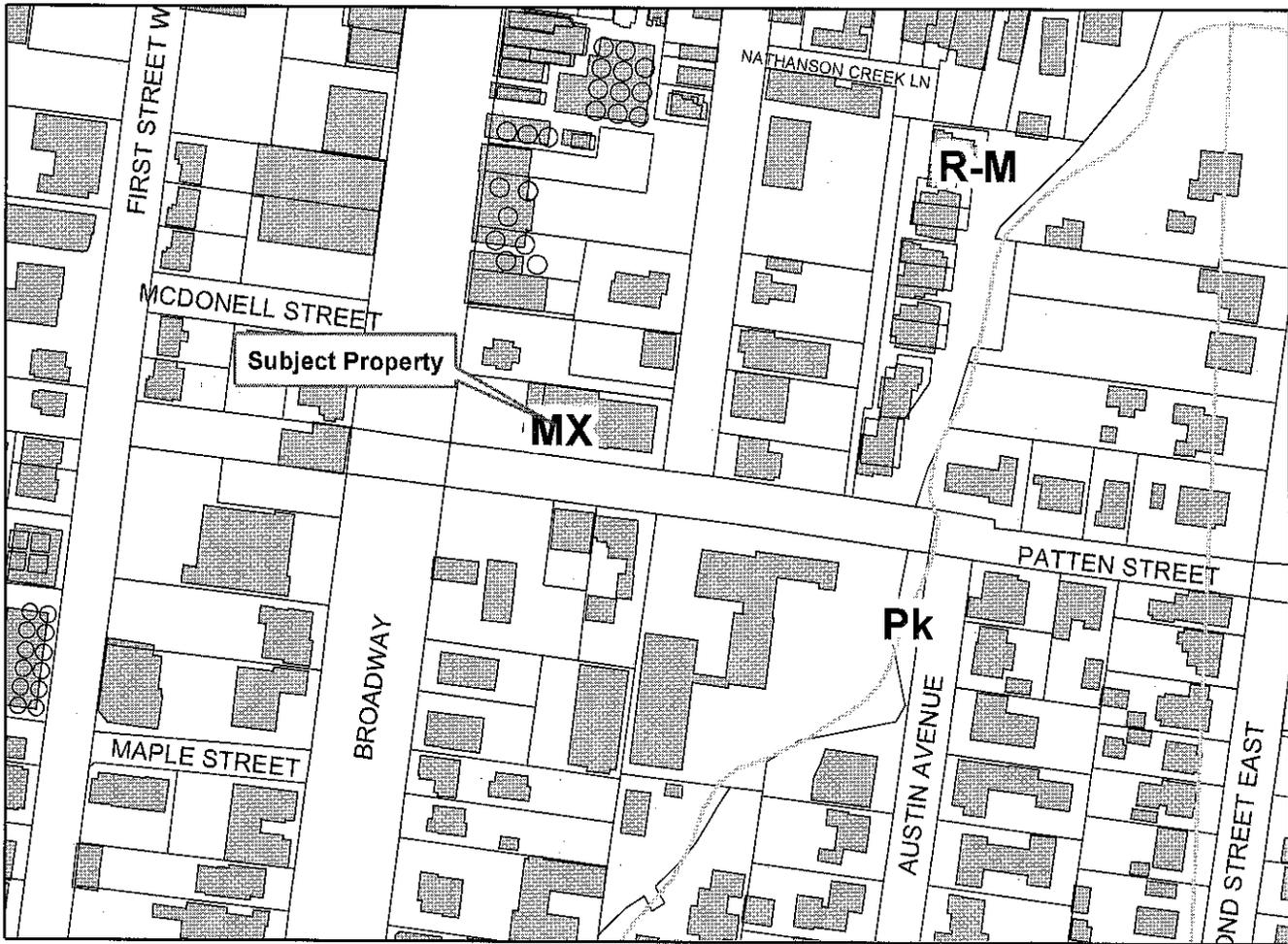
The site is zoned Mixed Use and is located within the Downtown Planning Area. It also lies within the Historic Overlay zone. The Mixed Use zoning designation allows for a range of office, retail, and service uses, as well as multi-family residential to a maximum density of 20 units per acre. Most uses are subject to use permit review by the Planning Commission, however.

The property was acquired by the Sonoma Redevelopment Agency on March 15, 2006. It was purchased by the Agency from the City of Sonoma for \$2,800,000. The purchase price was based on an appraisal prepared by Mills & Associates.

*Purpose of Acquisition:* The Sonoma CDA acquired the property with the goal of redeveloping the site for private, economic development generating uses. The specific objectives for the redevelopment of the property identified by the CDA Board were as follows:

1. Serve as a gateway to the Plaza, providing a southern anchor to the Plaza business district.
2. Stimulate pedestrian-oriented activity that complements existing commercial uses in the downtown.
3. Be highly attractive and compatible with the character of the community, both architecturally and functionally.
4. Utilize environmentally-friendly principles in project design and construction.
5. Provide revenue generation to the Agency and/or economic benefits to the City.

# Vicinity Map

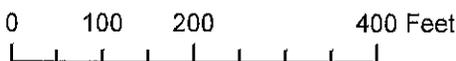


## Project Summary

<i>Project Name:</i>	Station 1
<i>Property Address:</i>	32 Patten Street
<i>Applicant:</i>	Sonoma Community Development Agency
<i>Property Owner:</i>	Sonoma Community Development Agency
<i>General Plan Land Use:</i>	Mixed Use
<i>Zoning - Base:</i>	Mixed Use
<i>Zoning - Overlay:</i>	Historic
<i>Summary:</i>	The proposal involves redevelopment of a former fire station into a commercial building designed of retail shops and restaurants, with a leasable area of approximately 10,500 square feet, along with associated parking, landscaping and other site improvements.

## Zoning Designations

- R-HS Hillside Residential (1 D.U./10 acres, maximum)
- R-R Rural Residential (2 D.U./acre, maximum)
- R-L Low Density Residential (2-5 D.U./acre)
- R-S Sonoma Residential (3-8 D.U./acre)
- R-M Medium Density Residential (6-10 D.U./acre)
- R-H High Density (9-12 D.U./acre)
- R-O Housing Opportunity (15-20 D.U./acre)
- R-P Mobile Home Park (7 D.U./acre, maximum)
- MX Mixed Use (12 D.U./acre, maximum)
- C Commercial (15 D.U./acre, maximum)
- C-G Commercial-Gateway (15 D.U./acre, maximum)
- W Wine Production
- P Public Facility
- Pk Park
- A Agriculture



1 inch = 200 feet

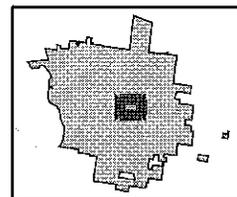


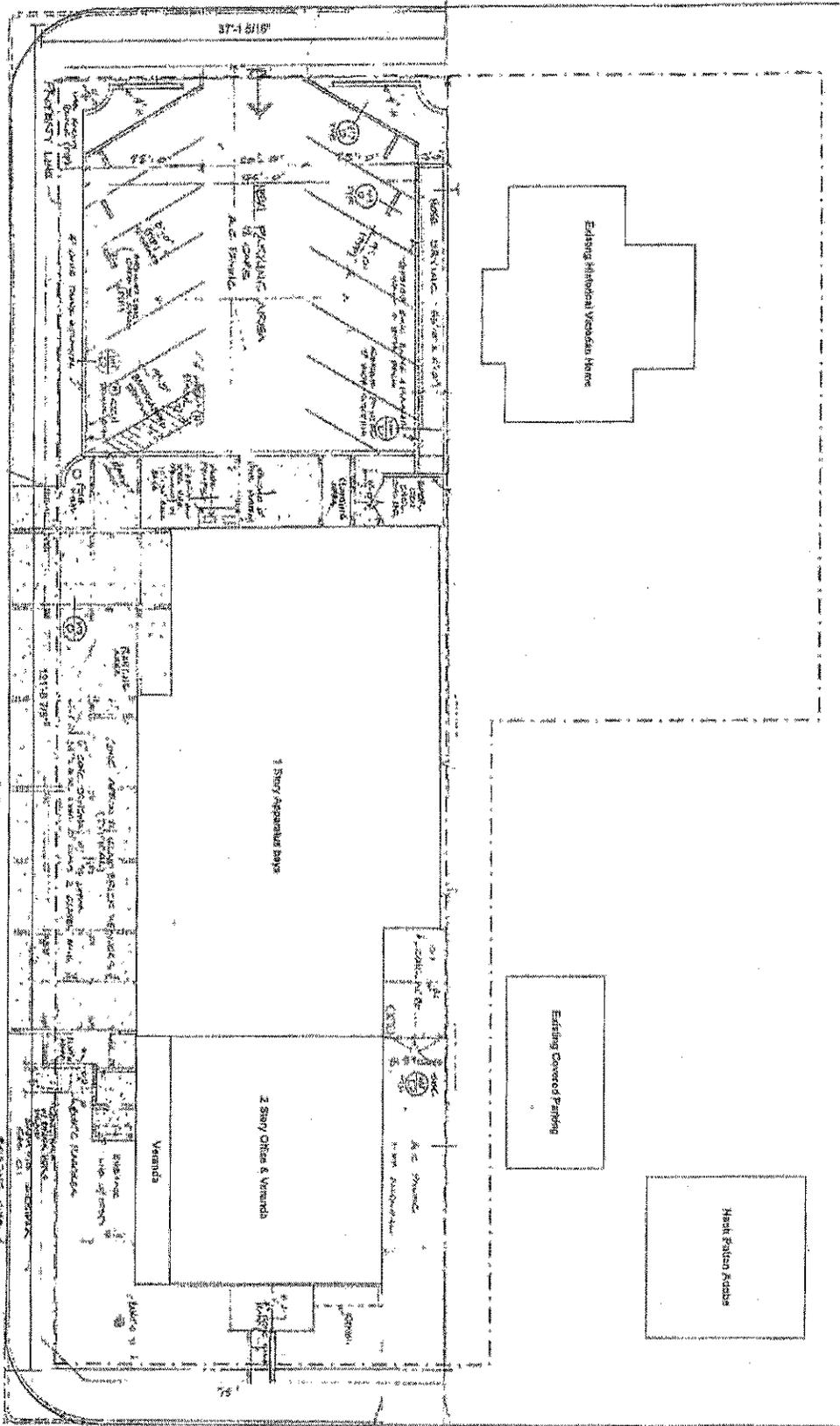
Figure 1

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37-1 8119

BROADWAY

BROADWAY



PATTEN STREET

Site Plan

FIRST STREET EAST

FIRST STREET EAST

These objectives were developed based on a public outreach process that included a community town hall meeting as well as meetings with neighboring property owners and interested local businesses.

*Current Estimate of Value:* The current value of the property is estimated at \$825,000, based on an updated appraisal prepared by John Clifford and Associates, completed on September 24, 2012 (Appendix D). This appraisal reflects the significant downturn in property values that occurred following the recession. In addition, it is based on the redevelopment of the site with a specific development plan that does not necessarily represent the "highest and best use" of the property. A more intensive development could warrant a higher valuation. However, more intense uses of the property have met with neighborhood opposition and therefore may not be feasible.

*Lease and Rental Income:* Since its acquisition by the CDA (and subsequent transfer to the Successor Agency), the property has not been rented or leased for any purpose. There are no contractual obligations whatsoever associated with the property.

*History of Environmental Contamination and Remediation Efforts:* The subject property formerly included a fuel dispensing system with two underground storage tanks. These tanks were removed in 1999 and contaminated soils were removed in 2009, per an approved Remedial Action Plan. As part of the remediation of the property, monitoring wells were installed and groundwater monitoring was conducted on a quarterly basis under the supervision of the Sonoma County Department of Health Services, Environmental Health Division. The property had been listed as an active site in the SCDHS-EHS Local Oversight Program and was identified as SCDHS-EHD Site #00023763 and as SFBRWQCB Site #49-0295. However, as of 2012, the site is considered to be closed by the SCDHS as the remediation plan was successfully implemented (see Appendix E). An approved soils management plan has been prepared in the event of the future redevelopment of the site.

*Potential for Transit-oriented Development and the Advancement of the Planning Objectives of the Successor Agency:* Transit within the City of Sonoma is limited to bus service and the subject property is located on or within one block of local bus routes. The property is small (18,375 square feet) and is constrained by its width (75 feet). In addition, it is located in a transitional area between the downtown commercial core and less intense residential and mixed use neighborhoods. For those reasons, as well as the fact that transit in the area is limited to local and regional bus service, the property is not considered to be a candidate for transit oriented development.

As discussed above, the Board of the Sonoma CDA had identified the following objectives for the redevelopment of the property:

1. Serve as a gateway to the Plaza, providing a southern anchor to the Plaza business district.
2. Stimulate pedestrian-oriented activity that complements existing commercial uses in the downtown.
3. Be highly attractive and compatible with the character of the community, both architecturally and functionally.
4. Utilize environmentally-friendly principles in project design and construction.
5. Provide revenue generation to the Agency and/or economic benefits to the City.

Some of these previously-identified re-use objectives go beyond the basic mandate of the Successor Agency, which is to maximize value for the taxing entities represented by the Successor Agency. Nonetheless, the sale of the property to a private developer and its renovation or redevelopment with uses as allowed for under its Mixed Use zoning has the potential to achieve many of the objectives for the property previously identified by the Sonoma CDA. Any substantial renovation or redevelopment of the property will be subject to the City's Design Review process, which provides an opportunity enhance the property as a gateway to the downtown and improve the attractiveness of the site. The use of environmentally-friendly construction principles may be addressed through the use permit process. A commercial or mixed use development on the property, as allowed for through its Mixed Use zoning, has the potential to increase pedestrian activity and to generate revenue and other economic benefits to the City and to nearby commercial uses.

*History of Previous Development Proposals:* Following the relocation of the Fire Department in 2002, uses and development proposals associated with the site may be summarized as follows:

- 2002-2003: No activity.
- March 2004: City Council retains consultant to prepare a re-use report.
- September 2004: Site evaluation/re-use options reported to City Council. (Public meeting.)
- 2005-2006: Building is used as temporary Police Station during Police Station/Community Meeting Room remodel project. (Note: this activity did not involve the rental or lease of the property.)
- February 2006: Fire Station Re-use Committee meets to prepare recommendations.
- March 2006: As recommended by the City Council's Re-use Committee, the property is purchased by the Sonoma Community Development Agency (CDA) for redevelopment purposes.
- June 2006: City Council/CDA reviews and approves Re-use Committee recommendations (develop private, revenue producing use(s) on the site; host a community meeting to solicit public input on desired and acceptable uses for the property; retain property in private ownership and lease to a master developer). (Public meeting.)
- April/  
September 2007: Input sought from stakeholders and interested parties:
- Meetings with neighboring property owners
  - Community meeting on May 17, 2007 (Public meeting.)
  - Meetings with local businesses
  - Preliminary analysis of findings
- October 2007: City Council/CDA Study session on re-use options. (Public meeting.)

February 2008: Follow-up Council/CDA review of re-use options. (Public meeting.)

March 2008 Council/CDA issues request for qualifications inviting developer proposals for the re-use of the property. (Public meeting.)

May/  
November 2008: Deadline for RFQ submittals. Proposals evaluated by City Council/CDA.

July/  
September 2008: Building used for City offices during renovation of City Hall. (Note: this activity did not involve the rental or lease of the property.)

January 2009: City Council/CDA approves exclusive negotiating agreement with Foothill Partners, based on their experience, capacity, and track record in successfully developing similar projects. (Public meeting.)

2009 (various): City Council/CDA conducts closed-session real estate negotiations with Foothill Partners on price and terms.

January 2010: Foothill Partners files application for planning approvals.

April 2010 Planning Commission study session on initial proposal by Foothill Partners. (Public meeting.)

December 2010 Foothill Partners submits revised development plan.

January 2011 Planning Department commissions reviews on traffic and cultural resources based on revised site plan/elevations received from Foothill Partners.

June 2011 Draft Disposition and Development Agreement and Exclusive Negotiating Agreement extension cannot be considered due to changes in redevelopment law (Governor's signing of AB1X26 and 27 on June 28, 2011).

August 2011 Planning Commission study session on revised proposal by Foothill Partners. (Public meeting.)

October 2011 Additional community workshop held to obtain input on neighbor issues and concerns. (Public meeting.)

November 2011 Additional community workshop held, at which time Foothill Partners presents revised draft alternative development proposals. (Public meeting.)

March 2012 As a result of California Supreme Court decisions pertaining to redevelopment, the ownership of the property is transferred to a "Successor Agency" for disposal as directed by the Oversight Board.

## Use or Disposition of Property

Section 34191.5 of the Health and Safety Code requires that Successor Agencies address the use or disposition of all properties held in the Redevelopment Trust Fund. The properties can be retained for governmental use, retained for future development, sold, or used to fulfill an enforceable obligation. The legislation goes on to state that “*with respect to the use or disposition of all other properties, all of the following shall apply:*”

1. If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.
2. If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph [A], the proceeds from the sale shall be distributed as property tax to the taxing entities.
3. Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

*Review of Disposition Options:* Options for disposition are as follows:

1. *Retained for governmental use.* The City has no projected governmental use for this property.
2. *Retained for future development.* Prior to the legislation which resulted in the dissolution of redevelopment, the former Sonoma Community Development Agency (CDA) was working with a developer (Foothill Partners) for development of the property and had prepared a Disposition and Development Agreement, which remains unapproved due to the inability for the former CDA to enter into new contracts.
3. *Retained to fulfill an enforceable obligation.* The property will not be retained to fulfill an enforceable obligation.
4. *Liquidate.* The Oversight Board could determine that placing the property for sale on the open market represents the best means of obtaining the highest and best value for the property. Alternatively, the Oversight Board could choose maintain continuity with the process that had been established by the Sonoma CDA to sell the site by negotiating exclusively with Foothill Partners. However, that process was based on an RFP that was initiated by the Sonoma CDA, not the Successor Agency. In addition, it has been almost two years since the most recent community forum on the Foothill Partners proposal.

*Preferred Disposition Strategy—Liquidate by Placing on Open Market:* The current appraised value for the property is \$825,000, which assumes that the property can be developed at a moderate intensity with 7,014 square feet of ground-floor retail space and three apartment units, in accordance with the current Mixed Use zoning of the property, although subject to use permit by the City of Sonoma Planning Commission. Under a more intensive development proposal, if approved by the Planning Commission, the value of the property would be greater. For example, a 2011 appraisal, based on an all-commercial project with an area of 9,212 square feet, concluded that the property would have a value of 1.2 million dollars under that scenario. Because any significant development proposal would be subject to use permit review and approval, in order to obtain the

best value for the property it will likely be necessary for the execution of the sale to be contingent upon the receipt of planning entitlements. To accomplish this, the Successor Agency will retain a qualified real estate professional to list the property for sale, market the property, and solicit offers from qualified buyers.

Once offers have been submitted, the Successor Agency and the real estate professional will conduct an initial review and recommend a short-list for further discussion and evaluation to the Oversight Board. Successor Agency staff will then negotiate with each firm, under the direction of the Oversight Board, and provide a recommendation for the best offer. The Oversight Board will review that recommendation and, upon making its selection of the preferred proposal, Successor Agency staff will prepare an Exclusive Negotiating Agreement or simply accept a contingent purchase offer, following which it shall be the responsibility of the selected firm to obtain planning entitlements. Once entitlements have been obtained, the sale of the property will be completed. The proceeds of the sale will be distributed proportionately among the taxing entities represented by the Successor Agency.

*Appendices:*

- A. Health and Safety Code Section 34191.1, 34191.3, 34191.4(a), and 34191.5
- B. Finding of Completion
- C. Legal Description and Plat Map
- D. 2012 Appraisal
- E. Site Closure Letter



## **Appendix A**

Health and Safety Code Section 34191.1, 34191.3, 34191.4(a), and 34191.5

*Excerpts from AB1484:  
Long-Range Property Management Plans*

Ch. 26

— 50 —

provision of Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100) provides an authority that the act adding this part is restricting or eliminating, the restriction and elimination provisions of the act adding this part shall control.

(c) It is intended that the provisions of this part shall be read in a manner as to avoid duplication of payments.

SEC. 31. Section 34189.1 is added to the Health and Safety Code, to read:

34189.1. No party, public or private, may pursue, nor does a court have jurisdiction over, a validation action with respect to any action of a redevelopment agency or a successor agency of a redevelopment agency that took place on or after January 1, 2011, unless the Department of Finance and the Controller, representing interests of the State of California and each of the taxing entities who could be affected financially by the action, has been properly notified. All actions shall be filed in the County of Sacramento.

SEC. 33. Section 34189.2 is added to the Health and Safety Code, to read:

34189.2. A successor agency or any party to an enforceable obligation as defined under this part shall properly notice the state with respect to a validation action involving any enforceable obligation or matter of title to an asset that belonged to a redevelopment agency. For such an action to be properly filed, both the Controller and the Director of Finance shall be notified and actions shall be filed in the County of Sacramento.

SEC. 34. Section 34189.3 is added to the Health and Safety Code, to read:

34189.3. An action contesting any act taken or determinations or decisions made pursuant to this part or Part 1.8 (commencing with Section 34161) may be brought in superior court and shall be filed in the County of Sacramento.

SEC. 35. Chapter 9 (commencing with Section 34191.1) is added to Part 1.85 of Division 14 of the Health and Safety Code, to read:

CHAPTER 9. POSTCOMPLIANCE PROVISIONS

34191.1. The provisions of this chapter shall apply to a successor agency upon that agency's receipt of a finding of completion by the Department of Finance pursuant to Section 34179.7.

34191.3. Notwithstanding Section 34191.1, the requirements specified in subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be suspended, except as those provisions apply to the transfers for governmental use, until the Department of Finance has approved a long-range property management plan pursuant to subdivision (b) of Section 34191.5, at which point the plan shall govern, and supersede all other provisions relating to, the disposition and use of the real property assets of the former redevelopment agency. If the department has not approved a plan by January

1, 2015, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to that successor agency.

34191.4. The following provisions shall apply to any successor agency that has been issued a finding of completion by the Department of Finance:

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section 34191.7 unless that property is subject to the requirements of any existing enforceable obligation.

(b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created by the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

(2) If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligations payment schedules shall be subject to all of the following limitations:

(A) Loan repayments shall not be made prior to the 2013-14 fiscal year. Beginning in the 2013-14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012-13 base year. Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (7) of subdivision (e) of Section 34176.

(B) Repayments received by the city, county or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.

(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and

Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amount needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

SFC. 36. The Legislature finds and declares as follows:

(a) Certain provisions of Assembly Bill 26 of the 2011-12 First Extraordinary Session of 2011 (Ch. 5, 2011-12 First Ex. Sess.) are internally inconsistent, or uncertain in their meaning, with regard to the calculation of the amount to be paid by a county auditor-controller from the Redevelopment Property Tax Trust Fund to meet passthrough payment obligations to local agencies and school entities.

(b) Consistent with the statement in Section 34183 of the Health and Safety Code, as added by the measure identified in subdivision (a), that the provisions of that section are to apply "[n]otwithstanding any other law," it was the intent of the Legislature in enacting that measure that the amount of the passthrough payments that are addressed by that section be determined in the manner specified by paragraph (1) of subdivision (a) of Section 34183 of the Health and Safety Code, and that the amount so calculated not be reduced or adjusted pursuant to the operation of any other provision of that measure.

SFC. 37. If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and to this end, the provisions of this act are severable.

## **Appendix B**

### Finding of Completion



DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DDF.CA.GOV

May 7, 2013

Ms. Carol E. Giovanatto, City Manager  
City of Sonoma  
No. 1 The Plaza  
Sonoma, CA 95476  
3232 Main Street

Dear Ms. Giovanatto:

Subject: Finding of Completion

The California Department of Finance (Finance) has completed the Finding of Completion for the City of Sonoma Successor Agency.

Finance has completed its review of your documentation, which may have included reviewing supporting documentation submitted to substantiate payment or obtaining confirmation from the county auditor-controller. Pursuant to Health and Safety Code (HSC) section 34179.7, we are pleased to inform you that Finance has verified that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c).

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b), within six months from the date of this letter.

Please direct inquiries to Andrea Scharffer, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,

STEVE SZALAY  
Local Government Consultant

cc: Mr. Scott Williams, Accountant, City of Sonoma  
Mr. Erick Roeser, Property Tax Manager, County of Sonoma  
California State Controller's Office

## **Appendix C**

### **Legal Description and Plat Map**

**EXHIBIT "A"**

**LEGAL DESCRIPTION**

**MERGER PARCEL**

All that certain real property situate in the City of Sonoma, County of Sonoma, State of California being the lands of the Sonoma Community Development Agency, a public body, corporate and politic, organized and existing under the California Community Redevelopment Law (Health & Safety Code Section § 33000 et seq.), described in that certain Grant Deed recorded December 17, 2009 under Document Number 2009120614, Sonoma County Records, being more particularly described as follows:

PARCEL ONE

A part of Lot 61, in the Town of Sonoma, as designated upon the Official Map thereof, said portion being described as follows:

Commencing at the Southeast corner of said lot at the intersection of England Street and First Street East; running thence Northerly along the Easterly line of the lot, being the Westerly line of First Street East, a distance of 75 feet; thence Westerly and parallel with the South line of said lot, a distance of 145 feet to a point; thence Southerly and parallel with the Easterly line of said lot, a distance of 75 feet to the South line of said lot, being the North line of England Street, thence Easterly along the South line of said lot, and the Northerly line of England Street, a distance of 145 feet to the point of beginning.

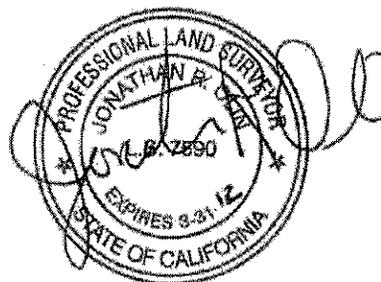
PARCEL TWO

All that part and portion of the south ½ of Lot 61, situate, lying and being in the Town of Sonoma, as designated, numbered and described upon the official map of said Town of Sonoma and commencing at the Southwest corner of said lot and running East and along the Southern boundary line to the Southeast corner of said lot; thence North and along the Eastern boundary line of said lot a distance of 75 feet; thence West and parallel with the Southern boundary line of said lot a distance of 245 feet to a point in the Western Boundary Line of said lot; thence South and along the Western Boundary Line of said lot to place of beginning, fronting 75 feet on Broadway and First Street East and being 245 feet in depth and of equal width.

Excepting therefrom that portion conveyed to Vito Carbonaro, et ux, by Deed recorded March 18, 1944 under Recorder's Serial No. B-74178, Sonoma County Records.

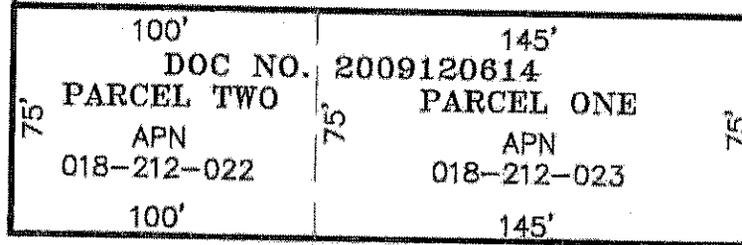
Date: 3/29/11  
Jonathan R. Olin PLS 7590  
Expires 3/31/12

End of Description

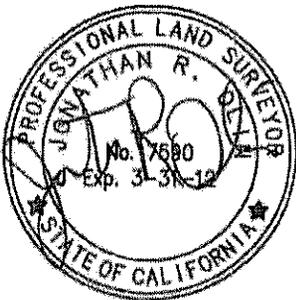


BROADWAY STREET

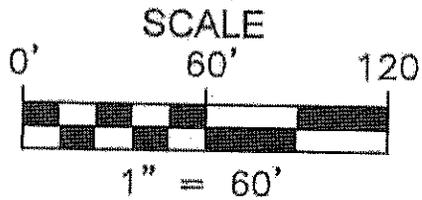
FIRST STREET EAST



PATTEN STREET  
(FORMERLY ENGLAND STREET)



3/29/11



NOTE: THIS EXHIBIT IS FOR GRAPHIC PURPOSES ONLY. ANY ERRORS OR EMISSIONS ON THIS EXHIBIT SHALL NOT AFFECT THE DEED DESCRIPTION.

MERGER PARCEL		
EXHIBIT B		
PLAT TO ACCOMPANY LEGAL DESCRIPTION LANDS OF THE SONOMA COMMUNITY DEVELOPMENT AGENCY DOCUMENT NUMBER 2009120614 A.P.N. 018-212-022 & A.P.N. 018-212-023		
Scale: 1"=60'		Date: 03/25/11
DRAWN: JRO	AREA 0.42 ACRES ±	SHEET NO. 1 OF 1

**Appendix D**

2012 Appraisal



September 24, 2012

Mr. David Goodison  
City of Sonoma  
1 The Plaza  
Sonoma, CA 95476

Dear Mr. Goodison:

Subsequent to your request and authorization, I have completed an update appraisal to estimate the market value of the fee simple interest in the retail redevelopment site located at 530 Broadway in the City of Sonoma, California. The user of this September 2012 update report must also rely on the Complete Appraisal - Summary Report dated June 24, 2011.

Introduction

In June 2011 the subject redevelopment project site comprised two parcels under the ownership of the Sonoma County Redevelopment Agency. Subsequently, the two parcels have been merged and like in 2011 the site currently contains approximately 0.42 acres (18,375 SF). The site occupies the northeast corner of Broadway and Patten Street and is deemed a "gateway location" to the Sonoma's Plaza business district. For the update analysis, it is reported (and it is assumed) for the purposes of the valuation presented herein that soil contamination is remediated prior to development or transfer of the subject parcel. Finally, the intended use and vertical development density of the project has been reduced from 10,439 SF to 9,212 SF, reflecting a modified development plan that is assumed to reflect the highest and best use of the property, as requested by the client for purposes of the update valuation. The modified project has been redesigned to accentuate the historic reuse of the existing structure and incorporates a land use change for the upper floor area, formerly proposed for a small office unit but now is slated for three loft residential units.

As noted previously in the 2011 report, the subject site remains virtually unchanged (but for the lot merger and environmental remediation<sup>1</sup>) and can be described as follows:

*The subject redevelopment project site comprises a property that is currently improved, but that is slated to support new commercial redevelopment. The property is now improved with a 9,671 SF one-and two-story steel and wood frame structure that once served as Sonoma's fire station between 1948 and 2002, but was vacated when a new station was built two blocks to the west. The property and existing building improvements now continue to be vacant and reflect an aged condition. The site and current building improvements have an elongated orientation that is perpendicular to the property's primary frontage along the east side of Broadway.*

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<sup>1</sup> See engagement letter from client in addenda

Mr. David Goodison  
September 24, 2012



The proposed modification for redevelopment of the subject site will consist of a LEED certified retail project that incorporates a partial 2<sup>nd</sup> story for loft residential apartments. The retail design comprises three - six ground floor retail and/or restaurant suites and the 2<sup>nd</sup> floor includes three lofts. The proposed project contains a gross leasable area (GLA) of approximately 9,212 SF that reflects a 12% size reduction along with a change in use on the second level.

#### Methodology – 2011 Valuation

For the prior 2011 Summary Appraisal, given the intended reuse and redevelopment of the property, and the dearth of recent commercial land sales, the land residual valuation analysis was concluded to provide the best indication of value for several reasons.

1. The Land Residual technique<sup>2</sup> can best address the site-specific constraints of the project,
2. Under the recent and current economic and real estate environment, there exists limited market activity and land sales transaction data for direct comparison with the subject property.
3. The proposed developer had obtained LOI's that set forth contract rental rates for approximately 54% of the subject's retail area.
4. The proposed developer had submitted detailed market based construction costs for the project.
5. Based upon the analysis of the available information, the As Is market value of the Fee Simple interest in the subject retail redevelopment project site as of June 2011 was estimated to be \$1,200,000. The 2011 value estimate reflected a unit price of approximately \$65/SF. As a test of reasonableness the prior 2011 analysis relied on a group of land sales the majority of which occurred between the time period of 2005 – 2008 before the collapse of the US financial system, and before the dearth of commercial real estate and development activity that followed, as the loss of access to debt financing and the concerns over multiple risk factors, gave rise to the re-pricing of most all types real estate. The other two post-2008 land sales reflected a less than direct comparison with the subject that included one site transaction acquired by an adjoining property owner, and the other reflecting a pad-site for development of a fast-food outlet with the actual sales price generally withheld from public disclosure.

#### Methodology – 2012 Valuation

The methodology for the current 2012 valuation reflects and alternative approach given the;

1. Update valuation request (rather than a new appraisal),

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<sup>2</sup> The Land Residual analysis evaluated the capital value associated with the completed project (determined either by an Income Approach or Sales Comparison Approach), deducting therefrom the time, costs and risks required to construct the project. When deducted, the residual analysis determines (and tests) what value can be attributed to the site.

Mr. David Goodison  
September 24, 2012



2. The withdrawal of interest by the retail tenants that expressed a preliminary commitment to occupy the redevelopment project,
3. The occurrence and discovery of recent land sales that can provide direct comparison with the subject site.

#### Update Valuation

The current 2012 valuation for the subject site is based on a Sales Comparison Approach. The Sales Comparison Approach is a method of comparing recent sales of similar properties to the subject property. This approach is based on the principle that the prudent investor would pay no more for a property than the cost of acquiring a satisfactory alternative property that possesses physical, economic and financial comparability. The value of a particular property tends to coincide to the value indicated by the actions of informed buyers and sellers in the marketplace for similar properties.

A number of sales were investigated in order to estimate a value of the subject property. A summary table for those sales considered to provide the most meaningful comparison is presented on Table 1. The 8 tabulated sales indicate an unadjusted range of value from \$19.86/SF to \$104.45/SF for the subject property. The average comparable land size for the eight properties is 18,181 SF selling for an average price of \$50.50/SF. However, the aforementioned averages are impacted by the extraordinary land prices fetched for two Yountville CBD sites. Excluding these two Yountville transactions, the average comparable land size for the six properties is 17,853 SF selling for an average price of \$32.63/SF.

More importantly is the distinct characteristics of each sale, particularly those occurring most recently, or locally in Sonoma. Sale 1 and 2 are commercial sites serving in or near the CBD's of Napa and Healdsburg, respectively. These two properties range in size from 11,761 SF to 17,860 SF and fetched land values ranging from approximately \$31/SF to \$38/SF. Sale 2 is considered similar to the subject and reflects the most recent land sale transaction. By comparison, two commercial sites (#3 and #4) near Sonoma's CBD range in size from 21,780 SF to 29,621 SF and fetched unit prices ranging from \$27.85/SF to \$33.52/SF, respectively. Although well located in Sonoma, the subject location is considered superior for which an upward adjustment is warranted. Each of these parcels was acquired for speculative commercial development, and like the subject currently, did not have any pre-development occupancy commitments. Consequently, it is believed the aforementioned unit prices reflect some measure of market risk for future development and uncertainty as to the level of occupancy and rental income to provide a return on the cost of capital investment to acquire the site and complete vertical construction. This is true of the remaining comparable sales excluding Sale 5 acquired by Starbucks for its owner occupancy, and that supports one of the highest land prices indicated by the survey. At \$48/SF it is believed to reflect a competitive price level for a small CBD site that occurred in early 2008 before the onset of the Great Recession, thus requiring a downward adjustment. Sale 6 is also well located in the Santa Rosa CBD but by comparison is inferior to the subject's Sonoma location where retail rent demand and pricing is superior.

COMMERCIAL LAND SALES - SONOMA AND NAPA COUNTY

TABLE 1

COMP NO	ADDRESS CITY APN	SIZE SF	ZONING	DATE SOLD	SALES PRICE	PRICE \$/SF	COMMENTS
1	2408 FIRST NAPA 002-142-004	11,761	Commercial	4/29/11	\$365,000	\$31.03	Corner site acquired by City of Napa for street realignment Near Hwy 29 interchange providing link to Napa CBD
2	404 Center HEALDSBURG 002-163-026	17,860	Commercial	11/18/11	\$675,000	\$37.79	Corner site in Healdsburg CBD - former USPS Buyer proposes retail building construction
3	841 W. Napa SONOMA 018-443-009	29,621	Commercial CT	6/22/10	\$825,000	\$27.85	Level mid-block site west of Sonoma CBD Developed with single story commercial building
4	405 W 5th Street SONOMA 127-221-007	21,780	Commercial	3/4/10	\$730,000	\$33.52	Level corner site at Spain next to shopping center Improved with SFR slated for demolition
5	1200 Lincoln NAPA 001-181-019	13,504	Commercial	4/11/08	\$650,000	\$48.13	Corner site acquired by Starbucks Lincoln provides link to Napa CBD and bridges across Napa River.
6	851 Third SANTA ROSA 009-061-027	12,589	Commercial	10/15/10	\$250,000	\$19.86	Mid-block site near E Street in Santa Rosa CBD Current use is parking lot.
7	6490 Washington YOUNTVILLE 036-082-026	16,553	Commercial	10/15/10	\$1,575,000	\$95.15	Level mid-block site in Yountville CBD Future development plans unknown
8	6744 Washington YOUNTVILLE 036-033-014	21,780	Commercial	12/16/10	\$2,275,000	\$104.45	Level mid-block site north of Yountville CBD Future development plans unknown

Mr. David Goodison  
September 24, 2012



Further consideration is given to the subject's historic improvements that must be preserved. However, it is more typical that the contributory value of the historic building improvements is not positive. In some cases reuse of the vertical structure can otherwise serve to avoid typical costs, but not always and not usually. This may be amplified by conversion and historic preservation of small projects. On a positive note however, the proposed development of 9,212 SF represents a density or floor area ratio (FAR) of 48% that tends to exceed prevailing FAR's ranging from 25% to 40% depending on site configuration, with landscape and parking requirements yielding a project density most often within a mid-point of this aforementioned range.

In the final analysis, the appraiser concludes the current value for the subject can be estimated on the basis of \$45/SF, or as follows:

$$18,375 \text{ SF} \times \$45/\text{SF} = \$825,000$$

The valuation stated herein is subject to the conditions and assumptions stated on the following pages and presented in the 2011 report. In addition, the report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP). Further, the appraisal is subject to the requirements of the Code of Ethics and the Standards of Professional Conduct of the Appraisal Institute.

Respectfully submitted,

CLIFFORD ADVISORY, LLC

A handwritten signature in black ink that reads "John C. Clifford".

John C. Clifford, MAI  
SCGREA Certificate No. AG007177



**CLIFFORD  
ADVISORY**

**Client**

Mr. David Goodison  
City of Sonoma  
1 The Plaza  
Sonoma, CA 95476

Real Estate Valuation ■ Arbitration  
268 Bush Street # 2300  
San Francisco, California 94104  
415•269•0370 phone  
FAX 415•891-8833  
john.clifford@cliffordadvisory.com

**Appraiser**

John C. Clifford, MAI

415-269-0370 cell  
john.clifford@cliffordadvisory.com

September 24, 2012

**UPDATE APPRAISAL REPORT – COMPLETE APPRAISAL**  
**Identification of Real Estate**

Property Address	530 Broadway
APN	018-212-022 & 023
City/State	Sonoma, CA
Ownership Name	City of Sonoma & Sonoma Community Dev. Agency

**Summary Property Description**

<u>Redevelopment Site</u>		<u>Building Improvements (Assumed *)</u>	
Site Area	18,375 SF	Building Area	9,212 SF
Zoning	MX – Mixed Use	Year Built	Proposed
Use Conformity	Legal Conforming	# of Stories	1 – partial 2
Topography	Level	Construction Type	Concrete & Wood/Wood Frame
Street Access	Broadway / Patten	FAR	56.80%
Parking Required	(1) / 300 SF	Parking Provided	(34) on- & off-street
FEMA Panel No.	06097C0937E	Quality / Condition	Excellent/Excellent
Flood Hazard Zone.	"X-500"	Functional Utility	Typical/Competitive
Historic Rating	None	Occupancy	0%

Highest and Best Use As Vacant - Commercial Reuse

\*Highest and Best Use As Improved As Proposed - Com. Reuse

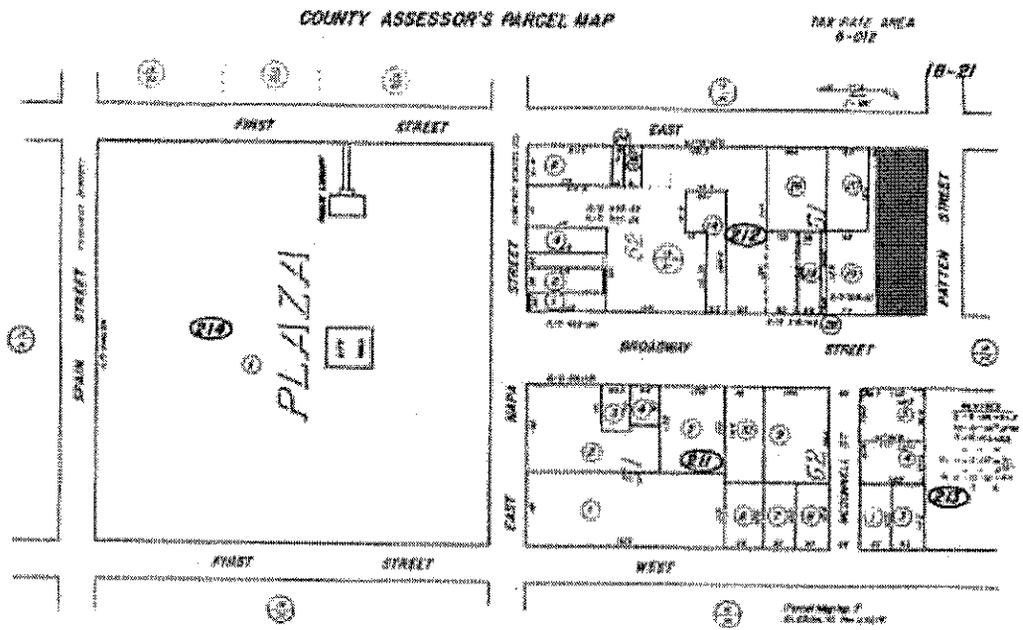
Property Rights Appraised	Fee Simple
Purpose of Appraisal	Current Market Value
Intended Use of Appraisal	Assist parties to DDA
Definition of Market Value	USPAP
Reference Dates	
Effective Date of Value	September 1, 2012
Date of Report	September 24, 2012
(Last) Date of Inspection	September 1, 2012
Certification of Appraisal	See Exhibit A
Assumptions and Limiting Conditions	See Exhibit B

**Final Value Conclusion** **\$825,000**

Aerial View



Parcel Map



NOTE: This map is based on the most current available data. It is not a legal document. Please consult the Assessor's Office for more information.

WARN: This map was prepared by the Assessor's Office. It is not a legal document. Please consult the Assessor's Office for more information.

Assessor's Map No. 18-21  
Sonoma County, Calif.

**ADDENDA**

**Appraisal Certification Statement**

**EXHIBIT A**

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant real property appraisal assistance to the person signing this certification.
- I have performed a previous appraisal of the subject property involving the subject property within the three years prior to this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.

  
Signature

9/24/12

\_\_\_\_\_  
Date

**EXHIBIT B - Assumptions and Standards of Limiting Conditions**

This appraisal is subject to the following limiting conditions.

1. The legal description and area dimensions furnished the appraiser is assumed to be correct. No survey of the boundaries of the property was completed.
2. No responsibility for matters legal in character is assumed, nor is any opinion as to title rendered, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, except where noted, and the property is appraised as though free and clear, under responsible ownership and competent management. It is specifically noted the appraisal assumes the property will be competently managed, leased and maintained by financially sound owners over a reasonable period of ownership.
3. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
4. No opinion is intended to be expressed on matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
5. The exhibits in this report are included to assist the reader in visualizing the property. No survey of the property has been made and no responsibility in connection with such matters is assumed.
6. The distribution or allocation, if any, of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. Any value estimates provided in the report apply to the entire property, and any pro-ratio or division of the total into fractional interests will invalidate the value estimate, unless such pro-ratio or division of interests has been set forth in the report.
7. The statements of value and all conclusions shall apply as of the date shown herein.
8. No responsibility for economic or physical factors is assumed which may affect the opinions herein stated, which may be present or occur at some date after the date of value.
9. An inspection, as far as possible, by observation, the land has been made; however, it was impossible to personally inspect conditions beneath the soil; therefore, no representations are made as to these matters unless specifically considered in the appraisal. Further, no opinion is expressed as to the value of sub-surface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

10. This appraisal is predicated on the assumption that the existence of hazardous material, which may or may not be present in, on or near the property, was not observed by the appraiser, unless otherwise stated. The appraiser has no knowledge of the existence of such materials in, on or near the property. The appraiser, however, is not qualified to detect such substances, and assumes no responsibility for such conditions, or for engineering or other inspections which might be required to discover such factors. The presence of asbestos or other potentially hazardous materials may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such condition or for any expertise or knowledge required to discover them.
11. No engineering survey has been made by us. Except as specifically stated, data relative to size and area were taken from sources considered reliable. Furthermore, no warranty is implied with regard to physical or structural or operational deficiencies that are not disclosed to the appraiser and noted herein.
12. The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. The appraiser assumes that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. The appraiser assumes that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
13. Information, estimates, and opinions contained in this report are obtained from sources considered reliable and where feasible, has been verified. However, no liability can be assumed for information supplied by others.
14. The right to make such adjustments to the valuation herein reported is reserved, as may be required by the consideration of additional data or more reliable data that may become available.
15. All projections of income and expenses in this report are estimates of current market expectations, not predictions of the future. No warranty or representation is made that these projections will materialize. Where Discounted Cash Flow Analyses have been completed, the discount rates utilized to bring forecast future revenues back to estimates of present value, reflect both the appraiser's market investigations of yield anticipation and judgment as to the risks and uncertainties in the subject property and the

consequential rates of return required to attract an investor under such risk conditions.

16. The appraiser may not be required to give testimony or to appear in court or any governmental or other hearing by reason of this appraisal, unless prior arrangements have been made.
17. The liability of John C. Clifford, MAI and CLIFFORD ADVISORY, LLC is limited to the Client only and to the amount of fee actually paid for services rendered, as liquidated damages, if any related dispute arises. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of any one other than the Client, the Client shall make such party aware of all assumptions and limiting conditions of the assignment and related discussions. John C. Clifford, MAI and CLIFFORD ADVISORY, LLC is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, physical, financially and/or legally. Any claims or damages made against the Appraiser by the Client will be limited to the amount paid by the Client to the Appraiser for the appraisal report or services. Client waives all other claims to consequential or special damages arising from the use of the report, and agrees to hold harmless CLIFFORD ADVISORY, LLC from any liability, loss, or expense incurred by the client in such action, regardless of its outcome.
18. The appraiser has no present or contemplated future interest in the property which is not specifically disclosed in this report.
19. This report shall be used for its intended purpose only and by the parties to whom it is addressed as of the current date of valuation. Possession of this report does not carry with it the right of publication, or duplication. One of the signatories of this appraisal is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member or candidate to control the use and distribution of each appraisal signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal was prepared may distribute copies of this report, in its entirety, to such third parties as may be selected by the party for whom this report was prepared; however, selected portions of this appraisal shall not be given to third parties without the prior written consent of the signatories of this report. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm with which is connected, and any reference to the Appraisal Institute, or MAI designation.
20. Information regarding any earthquake and flood hazard zones for the subject property was provided by outside sources. Accurately reading flood hazard and earthquake maps, as well as tracking constant changes in the zone

designations, is a specialized skill and outside the scope of the services provided by this appraisal assignment. No responsibility is assumed by the appraisers in the misinterpretation of these maps. It is strongly recommended that any lending institution re-verify earthquake and flood hazard locations for any property for which they are providing a mortgage loan.

**Extraordinary Assumptions and Hypothetical Conditions**

1. The subject site is situated in close proximity to a gas station (across Patten Street to the south), as well as a dry cleaning establishment (located at 568 Broadway, less than 100' north of the subject site), which has raised concern about petroleum and VOC contamination. Further, the subject site had been utilized as a gas station prior to its use as a fire station, and had contained two underground storage tanks containing diesel fuel or gasoline. It appears that these USTs, which may have had a history of leaking, were removed in 1999. Remediation of the site in the form of excavation of contaminated soils and replacement with clean soils, is a condition precedent to any future redevelopment of the subject site according to Darcy Bering, Sonoma County Senior Environmental Health Specialist, and John Jiang with the San Francisco Bay Water Quality Control Board. The corrective action that is underway required a soil vapor study, and mitigation prior to redevelopment. It is assumed, for the purposes of this assignment, that any soil contamination will have been remediated prior to development or transfer of the subject parcels.
2. The gross leasable area of 9,212 SF forms the basis for the updated valuation. Please refer to the clients engagement letter for this assignment.
3. Under the site's current MX zoning, parking required for retail and/or office use is set at 3.33:1,000, or approximately (34) parking spaces. Under the proposed reuse development plan, the project's on-site parking totals (9) spaces. However, it is understood the City of Sonoma has favorably considered allocating (25) on-street, off-site parking spaces to serve the project. Thus, a total of (34) parking spaces adequately serve and satisfy the parking requirement under the proposed reuse development plan. The proposed reuse plan serves to maximize the redevelopment potential of the subject property.

**Site Description****Physical Characteristics**

Site Area	(18,375 SF) <sup>3</sup>
APN	018-212-022 & 23
Topography	Level
Shape	Rectangular
Dimensions	75' X 245'
Frontage	75' on Broadway, 245' on Patten Street, 75' on 1 <sup>st</sup> Street East
Street Access	Broadway / Patten St. / 1 <sup>st</sup> Street East

**Street Improvements**

Broadway	4 Lane (w/center turning lane), 2 Way asphalt paved street, curb, gutter, sidewalks, storm drain, overhead power, street lights.
Patten Street	2 Lane, 2 Way asphalt paved street, curb, gutter, sidewalks, storm drain, overhead power, street lights.
1 <sup>st</sup> Street East	2 Lane, 2 Way asphalt paved street, curb, gutter, sidewalks, storm drain, overhead power, street lights.
Traffic Controls	1 Way stop sign at intersection of Broadway & Patten Street. 1 Way stop sign at intersection of 1 <sup>st</sup> Street East & Patten Street.

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<sup>3</sup> It should be noted that Realist.com, which reflects the Sonoma County Assessor's records, indicates that subject parcel 018-212-022 contains 7,405.2 SF (0.17 AC), and subject parcel 018-212-023 contains 10,454.4 SF (0.24 AC), for a combined square footage of 17,860 SF (0.41 AC). However, all other documentation referring to the subject property, including the parcel map, the Request for Qualifications, and other various documentation indicates a site square footage of 18,375 SF (0.42 AC). Therefore, the subject redevelopment project site is assumed to contain 18,375 SF.

**Utilities and Abutting Properties**

Water	City of Sonoma
Sewer	City of Sonoma
Power	PG&E
Telephone	AT&T

**Abutting Properties**

North	Residential
South	Residential / Gas Station
East	Residential
West	Commercial

**Land Use Controls**

Zoning	MX, Mixed Use
General Plan Designation	Mixed Use
Historic Designations	None – see comments
Redevelopment Area	
Uses Permitted	Commercial / Residential
Max Site Coverage / FAR	70% / 1.20
Parking Required	1/300 SF-retail/office; 1/4 seats-restaurant
Use Conformity	Proposed Legal Conforming
Development Approval	None
Conditional Use Approval	None

**Environmental Conditions**

FEMA Map Panel No.	06097C0937E
Flood Hazard Conditions	None
Flood Insurance Required	No
Soil Conditions	Assumed Typical - see Assumptions
Construction	Assumed Conventional
Seismic Conditions	Active in Bay Area
Coastal Protection Area	No
Wetlands	None
Noise	Minor Traffic - adjacent to primary arterial
Odor	None Observed
Air Traffic	None Observed
HAZMAT Conditions	Assumed Remediated (see comments)
LUST List	Assumed Remediated (see comments)

Comments

The subject redevelopment project site comprises a property that is currently improved but that is slated to support new commercial development. The subject retail redevelopment project site contains two parcels, the title of which is held by two entities: the City of Sonoma (APN 018-212-022) and the Sonoma County Redevelopment Agency (APN 018-212-023). The site contains approximately 0.42 acres (18,375 SF).

The property is now improved with a 9,671 SF one-and two-story steel and wood frame structure that once served as Sonoma's fire station between 1948 and 2002, but was vacated when a new station was built two blocks to the west. The property and existing building improvements now continue to be vacant and reflect an aged condition. The site is well located one block south of the Plaza, and benefits from excellent exposure and visibility from Broadway, the primary arterial leading to the Plaza, as well as Patten Street. The site has 75' of frontage on Broadway, and 245' of frontage on Patten Street. The site's rectangular shape and orientation at the northeast corner of the intersection enhances its visual impact, and it has been deemed a "gateway location" by the City of Sonoma which "provides an opportunity to create a southern anchor to the Plaza business district." The site also benefits from good pedestrian linkages to both the Plaza and downtown core, but also to the surrounding residential neighborhoods.

The subject site is level, and provides good utility. However, as noted earlier, the subject site is situated in close proximity to a gas station (across Patten Street to the south), as well as a dry cleaning establishment (located at 568 Broadway, less than 100' north of the subject site). Both nearby uses raise concern about petroleum and VOC contamination. Further, the subject site had been utilized as a gas station prior to its use as a fire station, and had contained two underground storage tanks (UST) containing diesel fuel or gasoline.<sup>4</sup>

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<sup>4</sup> It appears the UST's, which may have had a history of leaking, were removed in 1999. Remediation of the site in the form of excavation of contaminated soils and replacement with clean soils, is a condition precedent to any future redevelopment of the subject site according to Darcy Bering, Sonoma County Senior Environmental Health Specialist, and John Jiang with the San Francisco Bay Water Quality Control Board. The corrective action that is underway required a soil vapor study, and requires mitigation prior to redevelopment.

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**FW: Update of appraisal for 32 Patten Street**

7 messages

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David Goodison <davidg@sonomacity.org>  
To: "john.clifford@cliffordadvisory.com" <john.clifford@cliffordadvisory.com>

Mon, Jun 18, 2012 at 1:33 PM

Thanks, John.

Please proceed with the update. A couple of things have changed since the last go-around, as follows:

- The property is now owned by the Oversight Board to the former Sonoma Community Development Agency. In essence, with the termination of redevelopment Statewide, the assets of the City's former redevelopment agency, including the 32 Patten Street property, have been transferred to this new entity. It is now the task of the Oversight Board to dispose of the property.
- The two parcels that comprise the site have been merged.
- The environmental remediation of the site has been completed (although monitoring wells will remain in place).
- The Oversight Board has decided to continue to try to work out a sale to Foothill Partners (the development firm that the Sonoma Community Development Agency had been in negotiations with). Foothill has come up with a new site plan, which should form the basis of the appraisal (attached).

Thanks again and please let me know if you need any additional information.

David Goodison  
Planning Director

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**From:** David Goodison <ddg@vom.com>  
**Date:** Monday, June 18, 2012 1:09 PM  
**To:** David Goodison <davidg@sonomacity.org>  
**Subject:** Fwd: Update of appraisal for 32 Patten Street

Begin forwarded message:

**From:** John Clifford <john.clifford@cliffordadvisory.com>  
**Subject:** Re: Update of appraisal for 32 Patten Street  
**Date:** June 18, 2012 10:22:51 AM PDT  
**To:** David Goodison <ddg@vom.com>

Hi Mr. Goodison - I can help you with update in the next 2 - 3 weeks from notice to proceed for a fee not to exceed \$4,200. The update report will reference the prior report, address

changes in the subject property, market conditions and valuation factors, that support a current value estimate. Please let me know if you wish to proceed and I will send over a service agreement. Thanks.

On Mon, Jun 18, 2012 at 10:12 AM, David Goodison <ddg@vom.com> wrote:

Hi John,

In 2001, you prepared an appraisal of a property owned by the City of Sonoma Community Development Agency. We may need to have this appraisal updated and I am hoping you could provide me with an estimate of the cost and the time it would take to do that.

Thanks,

David Goodison  
Planning Director

John C. Clifford, MAI

**CLIFFORD ADVISORY, LLC**

268 Bush St. # 2300

San Francisco, CA 94104

415-269-0370 phone

415-891-8833 fax

john.clifford@cliffordadvisory.com email 1

4clifford@comcast.net email 2

www.cliffordadvisory.com webpage

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**2 attachments**

 **Oversight Committee Project Description.pdf**  
88K

 **Site Plan 6-5-12.pdf**  
95K

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John Clifford <john.clifford@cliffordadvisory.com>

Mon, Jun 18, 2012 at 1:55 PM

To: David Goodison <davidg@sonomacity.org>

David - thanks for the new project description and go-ahead. I will get the service contract over to you. Do you know if Weile has submitted a current construction budget with the new concept plan? If so, I would like that as well, but I will include a complete wish-list in my contract agreement.

[Quoted text hidden]

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David Goodison <davidg@sonomacity.org>

Fri, Jun 22, 2012 at 12:01 PM



**FOOTHILL PARTNERS**  
REAL ESTATE AND URBAN ECONOMICS

1121 WHITE ROCK ROAD, SUITE 205 • EL DORADO HILLS, CALIFORNIA 95762  
WWW.FOOTHILLPARTNERS.COM

M • E • M • O • R • A • N • D • U • M

**To:** Linda Kelly City of Sonoma  
**Copy:** David Goodison City of Sonoma  
**From:** Doug Wiele Foothill Pratt  
**Re:** 32 Patten Street - June 2012 Project Plan Description  
**Date:** June 13, 2012

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Dear Linda and David,

Accompanying this memo is an updated concept plan for the 32 Patten Street property, prepared in preparation for the June 13, 2012 Oversight Committee hearing.

- This project plan is reflective of community input received in the two community meetings which Foothill hosted late last year at the property, and additionally reflective of community input we've received since the last Oversight Committee meeting.
- And in addition, reflective of the historic district in which the property is located, the plan incorporates planning principals derived from the United States Secretary of the Interior's Standards for Rehabilitation. The Standards are a nationally recognized tool for preservation, maintenance and rehabilitation of historic properties and environments.

In keeping with that set of ideas, this plan (freed from the requirements of the now-set-aside Disposition and Development Agreement previously intended to govern development of this property) approaches the property with a light touch – in keeping with The Standards, this plan proposes minimal change to the defining characteristics of the site and the environment in which it is located. The intent is that the property be allowed to be recognized as a physical record of its time, place and use, that new additions not destroy historic materials which characterize the property.

- The equipment bay buildings would be retained as largely intact. We intend to strip them of their added plaster facades, expose and simply refinish the concrete structures, remove the false ceilings and expose the roof structures, make those changes required to meet Title 24 and LEED™ Silver certification, but otherwise generally leave them as they are.
- The existing two story dormitory / office structure at the east end of the site would be removed and redeveloped with on-site parking, as previously proposed.
- Rather than (as in previous plans) extending the equipment bay structures towards Broadway, we are proposing a much smaller, detached, two story building of approximately 2,000 sf per floor, probably a simple wood-framed building, with commercial uses on the ground floor and two to four walk-up apartments above.
- A very generous public space would surround this new construction. The public space would include patio seating for prospective food service uses at the site.
- On-street Patten Street parking would generally remain as parallel parking. In order to remedy the deficient lane widths existing on Patten Street, we are proposing to move the curb line on the north side of Patten approximately three feet north. At the far east end of the site we are proposing six perpendicular (as opposed to parallel) parking spaces.

This is a concept land plan only, provided only to illustrate continued thinking about the property. Community input will be sought out, of course.



*First American Title*

## First American Title Company

651 First Street West  
Sonoma, CA 95476

Escrow Officer: Debbie James  
Phone: (707)938-1800  
Fax No.: (866)440-2065  
E-Mail: debjames@firstam.com

E-Mail Loan Documents to: Please contact the Escrow Officer for email address for sending loan documents.

Borrower:  
Property: 32 Patten Street  
Sonoma, CA 95476

### PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Finder or Commitment should be requested.

Dated as of July 02, 2012 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

SONOMA COMMUNITY DEVELOPMENT AGENCY, A PUBLIC BODY, CORPORATE AND POLITIC

The estate or interest in the land hereinafter described or referred to covered by this Report is:

Fee simple.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2012-2013, a lien not yet due or payable.
2. Taxes and assessments are unavailable at this time. Please verify all tax and assessment information prior to closing.
3. The lien of bonds and assessment liens, if applicable, collected with the general and special taxes.
4. The lien of Defaulted, Supplemental, and/or Escaped taxes, if any, collected with the general and special taxes. Check with the County Tax Collector before the close of escrow for any amounts that may be due.
5. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
6. The terms and provisions contained in the document entitled "Installment Sale Agreement" recorded August 3, 1982 as Instrument No. 82041296 of Official Records.
7. The terms and provisions contained in the document entitled "Lease-Purchase Agreement" recorded August 3, 1982 as Instrument No. 82041297 of Official Records.

8. Fence Encroachments as shown on Record of Survey filed in Book 508 of Maps at Page 30, Sonoma County Records.
9. The effect of a map purporting to show the land and other property, filed April 21, 1981 in Book 318, Page(s) 48 of Record of Surveys.
10. The fact that the land lies within the boundaries of the Sonoma Community Redevelopment Project Area, as disclosed by the document recorded January 31, 2000 as Instrument No. 2000009413 of Official Records.
11. The terms and provisions contained in the document entitled "Agreement Containing Covenants Affecting Real Property" recorded October 19, 2001 as Instrument No. 2001142785 of Official Records.
12. The terms and provisions contained in the document entitled "Agreement Containing Covenants Affecting Real Property" recorded September 13, 2002 as Instrument No. 2002138390 of Official Records.
13. The terms and provisions contained in the document entitled "Agreement Containing Covenants Affecting Real Property" recorded December 23, 2009 as Instrument No. 2009122482 of Official Records.
14. Rights of parties in possession.

**INFORMATIONAL NOTES**

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 32 Patten Street, Sonoma, California, 95476.
2. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:  
  
None
3. We find no open deeds of trust. Escrow please confirm before closing.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

## WIRING INSTRUCTIONS

PAYABLE TO: FIRST AMERICAN TITLE COMPANY  
BANK: First American Trust, FSB  
ADDRESS: 5 First American Way, Santa Ana, CA 92707  
ACCOUNT NO: 3005360000  
ROUTING NUMBER: 122241255

PLEASE REFERENCE THE FOLLOWING:

CUSTOMER NAME: SONOMA COMMUNITY DEV AGENCY  
FILE NUMBER: 4906-4102110 (DJ)  
ATTENTION: DEBBIE JAMES

PLEASE USE THE ABOVE INFORMATION WHEN WIRING FUNDS TO FIRST AMERICAN TITLE COMPANY. FUNDS MUST BE WIRED FROM A UNITED STATES BANK. PLEASE NOTIFY DEBBIE JAMES AT (707)938-1800 OR [debjames@firstam.com](mailto:debjames@firstam.com) WHEN YOU HAVE TRANSMITTED YOUR WIRE. FAX NUMBER: (866)440-2065

**FIRST AMERICAN TRUST CONTACT INFO:** Banking Services 1-877-600-9473

**ALL WIRES WILL BE RETURNED IF THE FILE NUMBER AND/OR NAME(S) ARE NOT INCLUDED**

**LEGAL DESCRIPTION**

Real property in the City of Sonoma, County of Sonoma, State of California, described as follows:

**PARCEL ONE:**

A PART OF LOT 61, IN THE TOWN OF SONOMA, AS DESIGNATED UPON THE OFFICIAL MAP THEREOF, SAID PORTION BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT AT THE INTERSECTION OF ENGLAND STREET AND FIRST STREET EAST; RUNNING THENCE NORTHERLY ALONG THE EASTERLY LINE OF THE LOT, BEING THE WESTERLY LINE OF FIRST STREET, EAST, A DISTANCE OF 75 FEET; THENCE WESTERLY AND PARALLEL WITH THE SOUTH LINE OF SAID LOT, A DISTANCE OF 145 FEET TO A POINT; THENCE SOUTHERLY AND PARALLEL WITH THE EASTERLY LINE OF SAID LOT, A DISTANCE OF 75 FEET TO THE SOUTH LINE OF SAID LOT, BEING THE NORTH LINE OF ENGLAND STREET, THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT, AND THE NORTHERLY LINE OF ENGLAND STREET, A DISTANCE OF 145 FEET TO THE POINT OF BEGINNING.

**PARCEL TWO:**

ALL THAT PART AND PORTION OF THE SOUTH ½ OF LOT 61, SITUATE, LYING AND BEING IN THE TOWN OF SONOMA, AS DESIGNATED, NUMBERED AND DESCRIBED UPON THE OFFICIAL MAP OF SAID TOWN OF SONOMA AND COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT AND RUNNING EAST AND ALONG THE SOUTHERN BOUNDARY LINE TO THE SOUTHEAST CORNER OF SAID LOT; THENCE NORTH AND ALONG THE EASTERLY BOUNDARY LINE OF SAID LOT A DISTANCE OF 75 FEET; THENCE WEST AND PARALLEL WITH THE SOUTHERN BOUNDARY LINE OF SAID LOT A DISTANCE OF 245 FEET TO A POINT IN THE WESTERN BOUNDARY LINE OF SAID LOT; THENCE SOUTH AND ALONG THE WESTERN BOUNDARY LINE OF SAID LOT TO PLACE OF BEGINNING, FRONTING 75 FEET ON BROADWAY AND FIRST STREETS EAST AND BEING 245 FEET IN DEPTH AND OF EQUAL WIDTH.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO VITO CARBONARO, ET UX, BY DEED RECORDED MARCH 18, 1944 UNDER RECORDER'S SERIAL NO. B-74178, SONOMA COUNTY RECORDS.

THE ABOVE LEGAL DESCRIPTION IS PURSUANT TO THAT NOTICE OF MERGER RECORDED APRIL 26, 2011 AS INSTRUMENT NO. 2011036815 OF OFFICIAL RECORDS.

APN: 018-212-032

COUNTY ASSESSOR'S PARCEL MAP

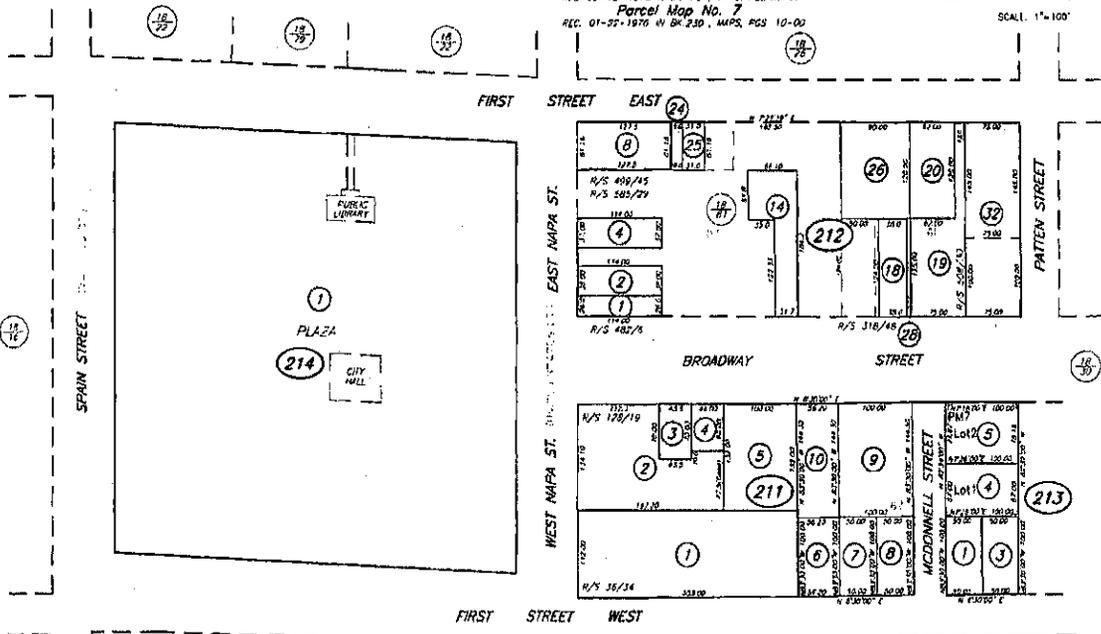
TAX RATE AREA  
6-012

18-21

Ptn. PUEBLO OF SONOMA  
REC. 03-18-1976 IN BK. 73, MAPS, PGS. 01-06  
Parcel Map No. 7  
REC. 01-22-1970 IN BK. 230, MAPS, PGS. 10-00

SCALE: 1"=100'

NOTICE



NOTE: This map was prepared for Assessor's purposes only and does not indicate other forms of ownership or a building site. No liability is assumed for the accuracy of the data contained here, although it is based on the most reliable records to the Assessor. It is intended solely for recording and does not constitute a deed, prior assessment map, etc.

NOTE: Assessor's parcels do not necessarily constitute legal lots to verify legal parcel status. Check with the appropriate city or county community development or planning division.

- REVISED
- 11-12-97-20(12)-RL
  - 11-12-98-4(1)-RL
  - 02-05-99-31(112)-LF
  - 03-19-99-34(112)-RO
  - 05-16-05-4(1)-S
  - 09-16-11-32(12)-BC

Assessor's Map Bk. 018, Pg. 21  
Sonoma County, Calif. (MCAD)

ATY 9-11-11 BC

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local First American Office for more details.

**EXHIBIT A**  
**LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)**

**CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)**

**EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - (a) building;
  - (b) zoning;
  - (c) land use;
  - (d) improvements on the Land;
  - (e) land division; and
  - (f) environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
  - (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
  - (c) that result in no loss to You; or
  - (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - (b) in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

**LIMITATIONS ON COVERED RISKS**

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

**ALTA RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)**

**EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
  - (a) and use
  - (b) improvements on the land
  - (c) and division
  - (d) environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
  - (a) a notice of exercising the right appears in the public records on the Policy Date

- (b) the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
    - (a) that are created, allowed, or agreed to by you
    - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
    - (c) that result in no loss to you
    - (d) that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
  4. Failure to pay value for your title.
  5. Lack of a right:
    - (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
    - (b) in streets, alleys, or waterways that touch your land
- This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**2006 ALTA LOAN POLICY (06-17-06)**  
**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any Improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

### 2006 ALTA OWNER'S POLICY (06-17-06)

#### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
  - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

### ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

#### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to

- (i) the occupancy, use, or enjoyment of the Land;
- (ii) the character, dimensions, or location of any improvement erected on the Land;
- (iii) the subdivision of land; or
- (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.



**First American Title**

#### Privacy Information

##### We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

#### Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

#### Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

#### Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as life insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

#### Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

#### Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

#### Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

#### Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

#### Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

#### Fair Information Values

**Fairness** We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

**Public Record** We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

**Use** We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

**Accuracy** We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist customers in identifying the source of the erroneous data so that the customer can secure the required corrections.

**Education** We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

**Security** We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.



**CLIFFORD  
ADVISORY**

Real Estate Valuation ■ Arbitration

**QUALIFICATIONS  
OF  
JOHN C. CLIFFORD, MAI**

Mr. John C. Clifford is a designated member of the Appraisal Institute (MAI) and is qualified by the State of California as a Certified General Appraiser. The following is a brief resume of his background and experience.

**Experience**

Mr. Clifford is the principal of CLIFFORD ADVISORY, LLC and has provided real estate appraisal, arbitration and consultation services since 1982. He has performed a wide variety of appraisal and valuation consulting assignments.

Based in San Francisco, Mr. Clifford has benefited from the unique opportunity to analyze many complex properties including:

**Complex Properties**

- San Francisco Giants AT&T Baseball Stadium
- Treasure Island
- Mission Bay MXU Development Project
- Hamilton Army Air Field (HAAF)
- Hunters Point Naval Shipyard
- Ferry Building - Embarcadero
- Fisherman's Wharf Restaurants
- United Airlines Maintenance Facility

**Arbitration**

- 400,000 SF - Pacific Bell  
370 Third Street, SOMA
- 200,000 SF - Heller Ehrman  
333 Bush Street, Financial  
District
- 500,000 SF - Nordstroms Centre  
Union Square District
- Pier 41 - Fisherman's Wharf

Valuation property types include major high-rise office and mixed-use retail/office projects, retail projects, biotech facilities, medical office buildings, regional malls, neighborhood shopping centers, hotels and restaurants, industrial and manufacturing buildings and facilities, high-rise and suburban multi-family residential projects, subdivision analysis, special purpose properties, recreational properties, vacant land and open space.

Mr. Clifford has provided litigation support in numerous condemnation valuation assignments, and has testified as a qualified expert witness in the Superior Court of the State of California, U.S. Bankruptcy Court, and before various quasi-judicial and municipal hearings.

## Condemnation

- Moscone West Convention Center Site
- Transbay Terminal Project Sites
- San Francisco Cable Car Line
- The Rock
- Richmond Parkway
- Golden Gate Ministorage vs. The State of California

## Client

- City of San Francisco
- Property Owner
- Property Owner

Mr. Clifford participated in a landmark inverse condemnation land use case which upheld the use of public agency purchases as comparables following the 1987 revision to the State's evidence code (*City and County of San Francisco v. Golden Gate Heights Inv.* (1993) 14 Cal.App.4th 1203).

Other major assignments demonstrating the extent of his experience are listed as follows:

- Genentech Research Facility
- Biorad Research Facility
- Port Sonoma-Marin Marina
- Marin County Civic Center
- Sea Cliff Sinkhole Properties
- Hamilton Airfield Reuse Plan
- Wal-Mart Distribution Facility
- Silverado Country Club
- Renaissance Estates Golf & SFR Community
- Fountaingrove Ranch Golf & SFR Community
- Northeast Ridge Subdivision
- Lagoon Valley MXU Golf, SFR, Business Park
- Bel Marin Keys Unit 5
- AT&T Cable Franchise – Possessory Interest

After earning his MAI designation in 1983, he established an appraisal and consulting practice. As his practice and reputation has grown, he now maintains offices in San Francisco and Mill Valley, California.

## **Development Consulting**

Mr. Clifford is a specialist in evaluating real estate economic feasibility, completing land use entitlement processes, and formulating development strategies. He successfully processed tentative and final subdivision maps, secured development financing and acted as project manager in the construction and marketing of the 100-unit Cotati Station project in Sonoma County.

## **Education and Professional Affiliation**

Mr. Clifford graduated from Indiana University in 1974, Bloomington, Indiana, with a Bachelor of Arts degree.

During the years 1979 through 1983, Mr. Clifford completed a curriculum of study in the understanding and application of the theory and practice of appraisal principles. The course subjects include appraisal and economic theory, real property law, finance, and professional ethics, and are presented by the Appraisal Institute, which ultimately awards the MAI (Member of the Appraisal Institute) designation. After satisfying the additional five years of experience requirements, demonstration reports, and successfully completing a Comprehensive Exam, he was awarded the MAI designation in 1983.

**Appendix E**

Site Closure Letter



**sonoma county**  
DEPARTMENT OF HEALTH SERVICES  
PUBLIC HEALTH DIVISION

Rita Scardaci, PHN, MPH – Director  
Ellen Bauer, PhD, MPP – Division Director

March 29, 2013

Ms. Carol E. Giovanatto, City Manager  
City of Sonoma  
No. 1, The Plaza  
Sonoma, CA 95476

Re: 32 Patten Street, Sonoma  
Site #00023763, SFBRWQCB #49-0295

Dear Ms. Giovanatto:

This letter confirms the completion of site investigation and remedial action for the underground storage tanks formerly located at the above-described location. Thank you for your cooperation throughout this investigation. Your willingness and promptness in responding to our inquiries concerning the former underground storage tanks are greatly appreciated.

Based on information in the above-referenced file and with the provision that the information provided to this agency was accurate and representative of site conditions, this agency finds that the site investigation and corrective action carried out at your underground storage tank site is in compliance with the requirements of subdivisions (a) and (b) of Section 25296.10 of the Health and Safety Code and with corrective action regulations adopted pursuant to Section 25299.3 of the Health and Safety Code and that no further action related to the petroleum release at the site is required.

Claims for reimbursement of corrective action costs submitted to the Underground Storage Tank Cleanup Fund more than 365 days after the date of this letter or issuance or activation of the Fund's Letter of Commitment, whichever occurs later, will not be reimbursed unless one of the following exceptions applies:

- Claims are submitted pursuant to Section 25299.57, subdivision (k) (reopened UST case); or
- Submission within the timeframe was beyond the claimant's reasonable control, ongoing work is required for closure that will result in the submission of claims beyond that time period, or that under the circumstances of the case, it would be unreasonable or inequitable to impose the 365-day time period.

This notice is issued pursuant to subdivision (g) of Section 25296.10 of the Health and Safety Code. Please contact our office if you have any questions regarding this matter.

Sincerely,

CHRISTINE SOSKO, REHS  
Director of Environmental Health

## Case Closure Summary

### Leaking Underground Fuel Storage Tank Program

#### I. Agency Information

Date: February 16, 2012

Agency name: Sonoma County Dept. Health Services	Address: 625 Fifth Street
City/State/Zip: Santa Rosa, CA 95403	Phone: (707) 565-8565
Responsible staff person: Darcy Bering	Title: Environmental Health Specialist

#### II. Case Information

Site facility name: Sonoma Fire Department				
Site facility address: 32 Patten Street, Sonoma, CA 95476				
RB LUSTIS # 49-0295	<u>SWEEPS #</u> NA	LOP #00023763	URF filing date: 5/4/99	Local # NA
Responsible party		Address		Phone number
City of Sonoma		No. 1, The Plaza, Sonoma, CA 95476		
Attn: Linda Kelly, City Manager				
Tank #	Size in gal.	Contents	Closed-in-place/removed?	Date
1	2000	Gasoline	Removed	4/15/99
2	550	Diesel	Removed	4/15/99

#### III. Release and Site Characterization Information

Cause and type of release: Unknown			
Site characterization complete? Yes		Date approved by oversight agency: 2/16/12	
MW installed? Yes	Number: 9	Proper screened interval: Yes, 3'-13', 3.5'-13.5'	
Highest GW depth BGS: 1.65'	Lowest depth: 9.81'	Flow direction: Southwest	
Most sensitive current use: Municipal and domestic supply			
Are drinking water wells affected? No		Aquifer name: Sonoma Valley (2-2.02)	
Is surface water affected? No		Nearest SW name: Nathanson Creek approx. 400' east	
Off-site beneficial use impacts (addresses/locations): None			
Report(s) on file? Yes		Where is report(s) filed: Sonoma County Department of Health Services	
Treatment and Disposal of Affected Material			
Material	Amount (include units)	Action (treatment or disposal w/ destination)	Date
Tank	1 each	RP unable to locate records, declaration on file*	
Piping	unknown		
Free product	0		
Soil	24 tons	Disposed of at Redwood Landfill, Novato	4/26/99
Soil	1775 tons	Disposed of at Portrero Hills, Suisun City	8/18/09-10/13/09
Groundwater	3650 gallons	Disposed at Evergreen Oil	10/6/09-10/13/09
Barrels	4	Purge water to be disposed of at the time of well destruction.	

### Case Closure Summary

III. Release and Site Characterization Information (continued)

Site Address: 32 Patton Street, Sonoma, CA 95476

Maximum Documented Contaminant Concentrations — Before and After Cleanup									
Contaminant	Soil (ppm)		Water (ppm)		Contaminant	Soil (ppm)		Water (ppm)	
	Before	After	Before	After		Before	After	Before	After
TPH (gas)	930	930	67	3.6	Xylene	39	17	13.2	.052
TPH (diesel)	240	140	4.1	.067	Ethylbenzene	6.9	4.3	4.4	.094
Benzene	.310	.029	4.0	.012	Oil & grease	NS	NS	NS	NS
Toluene	.550	.30	3.5	.0092	Heavy metals	NS	NS	NS	NS
TAME	.00990	NS	.029	<.0010	MTBE	.162	<.0050	.580	<.0050

Comments (depth of remediation, etc.): NS = Not sampled

Soil and water before values are the highest reported.

Site was overexcavated in 2009. 1775 tons of soil was properly disposed of. Excavation was completed to the extent practicable.

Other fuel oxygenates were non detect in groundwater. EDB high in groundwater was .00053ppm. 1,2-DCA was ND in groundwater.

IV. Closure

Does completed corrective action protect existing beneficial uses per the Regional Board Basin Plan? **Yes**

Does completed corrective action protect potential beneficial uses per the Regional Board Basin Plan? **Yes**

Does corrective action protect public health for current land use? **Yes**

Site management requirements: Contingency planning is required for worker safety and waste disposal if excavating in area(s) of residual contamination. The Building Department has been notified. Newly proposed water supply wells may require siting and design by a qualified professional engineer or geologist. Sonoma County Permit and Resource Mgmt. Dept. has been notified.

A Site Management Plan has been submitted to this Department and to the City of Sonoma.

Should corrective action be reviewed if land use changes? **No**

Monitoring wells decommissioned? **yes**      Number decommissioned: **3**      Number retained: **6**

List enforcement actions taken: **None**

List enforcement actions rescinded: **Not Applicable**

V. Local Agency Representative Data

Name: <b>Leslye Choate</b>	Title: <b>Supervising Environmental Health Specialist</b>
Signature:	Date: <b>2-16-12</b>

VI. RWQCB Notification

Date submitted to RB: <b>Feb. 21, 2012</b>	RB Response: <b>Concur with closure recommendation</b>
RWQCB staff name: <b>John Jung (John Jung)</b>	Title: <b>WRCE</b> Date: <b>April 6, 2012</b>

VII. Additional Comments, Data, etc.

5 irrigation wells were reported by the consultant to be within 1000' of the site, 4 of the 5 are upgradient.

PCE was reported in monitoring wells at the site. The PCE contamination was referred to the SFBRWQCB by letter on 4/6/04 as the PCE appears associated with the Royal Crown Cleaner site (SFBRWQCB site #49S003) at 568 Broadway.

The VOC site at 568 Broadway may request transfer of responsibility of the monitoring wells at this site. Any monitoring wells not transferred will be destroyed under permit once case closure concurrence is granted by the SFBRWQCB.

\*Declaration is on file indicating no knowledge of improper disposal and that a diligent search was conducted for documentation.