

RECEIVED

JAN 2012

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

ORIGINAL
Official Document of the
Folsom City Clerk's Department

**AGREEMENT BETWEEN
THE COUNTY OF SACRAMENTO, THE SACRAMENTO COUNTY WATER
AGENCY AND THE CITY OF FOLSOM,
RELATING TO TRANSPORTATION AND WATER SUPPLY ISSUES
INVOLVING THE SOUTH OF HIGHWAY 50 FOLSOM PLAN AREA
ANNEXATION**

This AGREEMENT ("Agreement") is made and executed in duplicate this 21st day of December, 2011 by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California (hereinafter referred to as "COUNTY"), the SACRAMENTO COUNTY WATER AGENCY, a special district operating under the authority of and pursuant to the provisions of the Sacramento County Water Agency Act (California Water Code – Appendix, Chapter 66, commencing at Section 66-1 et seq.) ("WATER AGENCY"), and the CITY OF FOLSOM, a charter city ("CITY").

RECITALS

A. CITY has filed an application with the Sacramento Local Agency Formation Commission ("LAFCO"), entitled "City of Folsom Annexation – Annexation of the Sphere of Influence (LAFC-07-09)," ("Annexation") requesting its approval of the annexation of approximately 3600 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence ("the Annexation Area").

B. CITY and COUNTY have entered into a Property Tax Exchange Agreement as required by California Revenue and Taxation Code Section 99 to provide for a fair and equitable sharing of property tax revenue collected with the Annexation Area.

C. The Annexation also raises concerns on the part of the COUNTY with respect to issues involving transportation and water supply.

D. In order to encourage and sustain economic viability for both CITY and COUNTY, the parties agree that commercial truck traffic is a necessary and desirable means by which to convey goods to, from and across the Annexation Area.

E. CITY and COUNTY further agree it is reasonable and appropriate to provide for and maintain direct access for commercial truck traffic through the Annexation Area to and from both eastbound and westbound U.S. Highway 50 ("Highway 50").

F. Under the facilitation of COUNTY, the CITY, the City of Rancho Cordova, Stoneridge, Teichert and other private and public entities have been working to develop an East Sacramento Regional Aggregate Mining Truck Management Plan (TMP) in order to address quarry truck traffic in the eastern area of Sacramento County, and quality of life impacts to the CITY and other public entities as a result of such quarry truck traffic.

G. It is anticipated that an adopted TMP will result in a beginning amount of twelve (12) cents per ton contribution paid by participating quarry operators to the COUNTY and to help fund the construction of a special road design on Prairie City Road



and other quality of life improvements and to guarantee access to U.S. Highway 50 as described herein.

H. Section 2.4.5.A. of the Teichert Quarry Development Agreement dated November 30, 2010, requires Teichert to participate in the TMP process, and upon approval by COUNTY of a TMP, to contribute its fair share towards funding a TMP implementation program, and to comply with any truck routing redistribution measures contained within any TMP implementation program.

I. Section 2.4.4. of the draft Stoneridge Quarry Development Agreement, currently scheduled to be considered for approval by the BOARD in December of 2011, would require Stoneridge to participate in the TMP process, and upon approval by COUNTY of a TMP, to contribute its fair share towards funding a TMP implementation program, and to comply with any truck routing redistribution measures contained within any TMP implementation program.

J. Prairie City Road and White Rock Road are currently COUNTY Roadways, existing solely within the COUNTY and are maintained solely by the COUNTY.

K. Upon annexation of the Folsom Sphere of Influence area to CITY, portions of Prairie City Road and White Rock Road will be within the CITY's boundaries and portions will be within the unincorporated area of the COUNTY thereby giving rise to shared responsibility between the COUNTY and the CITY for improvement, operation, and maintenance of such roadways.

L. CITY and the WATER AGENCY previously entered into a Memorandum of Understanding ("MOU"), a copy of which is attached hereto as Attachment E, with respect to potential negotiations for CITY's purchase of capacity in the Freeport Regional Water Project ("FRWP") to enable it to deliver surface water to the Annexation Area.

M. CITY and WATER AGENCY desire to reiterate that the MOU will serve as the basis for any negotiations between the CITY and the WATER AGENCY with respect to CITY's use of capacity in the FRWP.

N. CITY and WATER AGENCY further desire to clarify the basis on which negotiations may take place in the future with respect to CITY's use of capacity in the FRWP.

O. In consideration of CITY's covenants under this Agreement, COUNTY and WATER AGENCY agree not to oppose the Annexation before the Sacramento Local Agency Formation Commission.

CITY, COUNTY and WATER AGENCY hereby agree as follows:

Section 1. Recitals. The foregoing recitals are true and correct and part of this Agreement.

Section 2. Management of Access Through Annexation Area.

Upon annexation, the CITY shall be responsible for establishing, and then managing the appropriate routes for commercial truck access through the Annexation Area to Highway 50 which may be modified by the CITY over time.

CITY is however, obligated to provide 24-hour per day, 7 days per week direct, continuous and reasonable access for commercial trucks that have agreed to pay a baseline cents per ton contribution of \$0.12 as provided in an approved TMP.

Said direct, continuous and reasonable access shall be accommodated on one or more of the following roadways:

- Scott Road (east) between White Rock Road and U.S. Highway 50
- Future Oak Avenue between White Rock Road and U.S. Highway 50
- Prairie City Road between White Rock Road and U.S. Highway 50

Section 3. Collaboration and Agreement on Prairie City Road.

CITY and COUNTY shall collaborate and mutually agree on the design, financing and construction schedule of a future special road design for Prairie City Road between White Rock Road and Highway 50.

Said agreement shall occur prior to quarry generated truck traffic exceeding 700 loaded truck trips per day on existing Prairie City Road.

Said agreement shall require the approval of both the Folsom City Council and the Sacramento County Board of Supervisors.

Section 4. Prairie City Road Special Design. Unless otherwise mutually agreed to by CITY and COUNTY, the special road design along Prairie City Road from U.S. Highway 50 to White Rock Road shall include, but not be limited to, the following improvements:

- A depressed, two-lane roadway for the use of commercial trucking along with a grade separation structure at the future intersection of Prairie City Road and Easton Valley Parkway as generally depicted in Exhibit 1, including any associated landscaping or sound walls necessary to meet CITY's quality of life objectives.
- Improvements to the Prairie City Road and the U.S. Highway 50 interchange as determined by or negotiated with Caltrans.
- Improvements to the Prairie City Road and White Rock Road intersection as determined by CITY and COUNTY in consultation with the Sacramento Southeast Connector Joint Powers Authority.

Improvements to Prairie City Road may be constructed in phases, depending on quarry production levels, associated truck volumes, and development patterns in the Annexation Area and the Easton Place/Glenborough development area.

Section 5. Funding Assurances. COUNTY and CITY acknowledge that implementation of the Prairie City Road special design as described in Section 4 of this Agreement is contingent upon both COUNTY adopting the contemplated TMP funding mechanism program and CITY adopting appropriate funding mechanisms. COUNTY anticipates adopting a TMP funding mechanism program of sufficient magnitude to partially fund the total cost of implementing the Prairie City Road special design. CITY anticipates adopting a funding mechanism through the entitlement process of the Annexation Area and/or other funding mechanism of sufficient magnitude to partially fund the total cost of implementing the Prairie City Road special design. If COUNTY does not adopt the contemplated TMP funding mechanism program, then COUNTY agrees that the components of the described Prairie City Road special design will require modification to reflect the lower amount of funding. If CITY does not identify the above funding mechanism(s), then CITY agrees to not direct or concentrate a significant portion of commercial truck access onto Prairie City Road.

Section 6. Reciprocal Funding Agreement. CITY and COUNTY shall negotiate in good-faith with respect to the development and implementation of a reciprocal funding agreement related to cross jurisdictional roadway impacts. Such agreement shall include COUNTY facilities that will receive a fair share contribution from development within the Annexation Area equivalent to what such development would have paid in COUNTY Transportation Development Fee Program fees if the Annexation Area had remained in the unincorporated area of COUNTY. Likewise, the agreement would address a contribution from COUNTY projects towards facilities within the Annexation Area. Such agreement shall exclude any quality of life related improvements in either CITY or COUNTY.

Section 7. Mitigation of Roadway Impacts to County Roadways. Prior to CITY's discretionary approval of any land uses within the Annexation Area, CITY shall analyze, as part of its environmental document prepared pursuant to the requirements of the California Environmental Quality Act ("CEQA"), any CEQA-level impacts to the COUNTY's roadways. This analysis shall include appropriate mitigation measures, the phasing of any COUNTY roadway improvements identified as a mitigation measure, and appropriate mechanisms in CITY's infrastructure financing plans to ensure that funding will be made available to timely construct any COUNTY roadway improvements identified as mitigation measures. The CITY hereby agrees that its discretionary approval of any land uses within the Annexation Area shall include an enforceable condition requiring the developer to mitigate their fair share of any significant impacts on COUNTY roadway facilities identified in the relevant CEQA document approved by CITY. CITY further agrees that it shall not make a finding that any such impact is significant and unavoidable based solely on the fact that the impact is on a roadway outside the CITY's jurisdictional boundaries.

Section 8. MOU. CITY and WATER AGENCY acknowledge and affirm each of the following with respect to the MOU:

- (a) The MOU remains in full force and effect as of the date of this Agreement.
- (b) There have been no agreements between CITY and WATER AGENCY to revise or otherwise vary the provisions of the MOU.
- (c) Except as specifically provided for in Section 8 hereof, this Agreement does not serve to revise or otherwise vary the provisions of the MOU.

Section 9. Cost of Purchasing FRWP Capacity.

- (a) CITY has in the past used a figure of \$70 million as a placeholder to estimate the costs that it will incur to purchase capacity in the FRWP from the WATER AGENCY to enable it to deliver surface water to the Annexation Area. This \$70 million dollar figure is also within the range of the rough estimate of approximately \$40 to \$80 million that was included in the staff report submitted to the WATER AGENCY Board of Directors in connection with its consideration of the MOU. The parties hereto acknowledge and agree that neither the \$70 million figure nor the \$40-80 million range of costs should be used as a target figure, a minimum starting point, or otherwise be used to represent the actual cost for CITY's purchase of FRWA capacity should CITY and WATER AGENCY seek to negotiate and then finalize an agreement for the purchase of such capacity.
- (b) CITY acknowledges and agrees that the detailed actual costs to be used in any potential contractual agreement for CITY to purchase FRWA capacity from the WATER AGENCY to deliver surface water to the Annexation Area will be developed exclusively through future negotiations between the CITY and the WATER AGENCY consistent with the provisions of the MOU.
- (c) CITY further acknowledges and agrees to each of the following with respect to any negotiations that may occur pursuant to the MOU:
 - (i) Although the MOU provides the context for further discussion of the use of WATER AGENCY facilities, including the FRWP, neither CITY nor the WATER AGENCY are under any legal or other obligation to enter into negotiations and that should any such negotiations take place that they will occur consistent with a mutually agreed upon timetable.
 - (ii) There will be no effort to compel or otherwise coerce the other party to participate in negotiations or to negotiate subject to a timetable that limits the ability of either party to thoroughly and freely participate in negotiations and to fully assess the benefits, impacts and implications of an eventual agreement.
 - (ii) The existing participation or involvement of the CITY or the WATER AGENCY in regional water planning activities, while potentially conducive to or compatible with any potential future agreement for the

CITY to purchase FRWA capacity from the WATER AGENCY, shall not be considered as either an explicit or implicit determination or commitment that either party will ultimately negotiate or enter into a specific future agreement for supplying or delivering water to the Annexation Area.

Section 10. Modification. This Agreement, and all of the covenants and conditions set forth herein, may be modified, amended or terminated only by a writing duly authorized and executed by the CITY, COUNTY and WATER AGENCY.

Section 11. Integration. The terms of this Agreement are intended by the parties as a final expression of their mutual agreement and understanding with respect to such terms as are included in this Agreement and may not be contradicted by evidence of prior or contemporaneous agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced to vary its terms in any proceeding involving this Agreement.

Section 12. Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

COUNTY

County Executive
County of Sacramento
700 H Street, Room 7650
Sacramento, CA 95814

CITY

City Manager
City of Folsom
50 Natoma Street
Folsom, CA 95630

WATER AGENCY

Agency Engineer
Sacramento County Water Agency
827 7th Street, Room 301
Sacramento, CA 95818

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.

Section 13. Approval, Consent, and Agreement. Wherever this Agreement requires a party's approval, consent, or agreement, the party shall make its decision to give or withhold such approval, consent or agreement in good faith, and shall not withhold such approval, consent or agreement unreasonably or without good cause.

Section 14. Construction and Interpretation. It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel.

Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

Section 15. Construction of Captions. Captions of the sections of this Agreement are for convenience and reference only. The words in the captions in no way explain, modify, amplify, or interpret this Agreement.

Section 16. Counterparts. This Agreement may be executed in two counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the County of Sacramento, State of California, on the dates set forth above.

COUNTY OF SACRAMENTO

By: Navdeep S. Gill
Navdeep S. Gill, Chief Operations Officer

Reviewed and Approved as to Form:

John Whisenhunt
John Whisenhunt, Assistant County Counsel

**SACRAMENTO COUNTY
WATER AGENCY**

By: Navdeep S. Gill
Navdeep S. Gill, Chief Operations Officer

Reviewed and Approved as to Form:

John Whisenhunt
John Whisenhunt, Assistant County Counsel

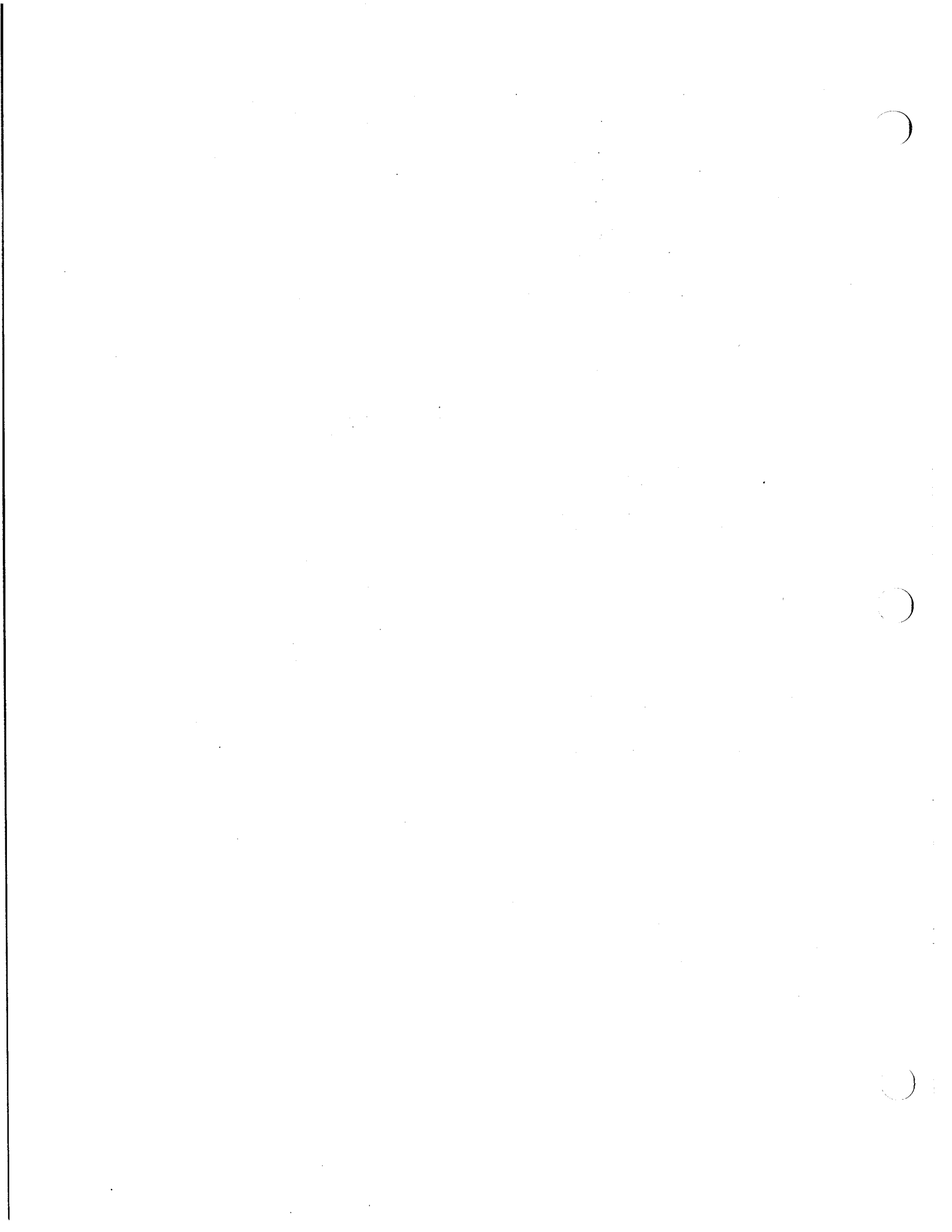
CITY OF FOLSOM

By: Evert W. Palmer 12/21/2004
Evert W. Palmer, City Manager

Approved As to Form:

Bruce C. Cline
Bruce C. Cline, City Attorney

ATTEST: Christa Freemantle
Christa Freemantle, City Clerk



RECEIVED

07 2012

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

ORIGINAL
Official Document of the
Folsom City Clerk's Department

**TAX EXCHANGE AGREEMENT BETWEEN
THE COUNTY OF SACRAMENTO AND THE CITY OF FOLSOM,
RELATING TO THE SOUTH OF HIGHWAY 50 FOLSOM PLAN AREA
ANNEXATION AND PROPERTY ADJACENT TO THE FOLSOM AUTO MALL**

This TAX EXCHANGE AGREEMENT (hereinafter "Agreement") is made and executed in duplicate this 21st day of December, 2011 by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California (hereinafter referred to as "COUNTY"), AND THE CITY OF FOLSOM, a charter city (hereinafter referred to as "CITY").

RECITALS

A. On June 6, 1978, the voters of the State of California amended the California Constitution by adding Article X111A thereto which limited the total amount of property taxes which could be levied on property by local taxing agencies having such property within their territorial jurisdiction to one percent (1%) of full cash value; and

B. Following such constitutional amendment, the California Legislature added Section 99 to the California Revenue and Taxation Code which requires a city seeking to annex property to its incorporated territory and a county affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the county and city following annexation of the property to the incorporated territory of the city; and

C. CITY has filed an application with the Sacramento Local Agency Formation Commission ("LAFCO"), entitled "City of Folsom Annexation – Annexation of the Sphere of Influence (LAFC-07-09)," requesting its approval of the annexation of approximately 3600 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence ("the Annexation Area"); and

D. COUNTY and CITY have worked together to develop a fair and equitable approach to the sharing of real property ad valorem taxes, sales and use taxes and transient occupancy taxes imposed and collected as authorized by the Revenue and Taxation Code in order to encourage sound urban development and economic growth; and

E. The COUNTY and CITY entered into a tax sharing agreement dated October, 1992 when the CITY annexed property for development of the Folsom Auto Mall located on Folsom Boulevard and the CITY and COUNTY desire to use this agreement to extend that sales tax sharing methodology to automobile dealers developed in the COUNTY on property adjacent to the Folsom Auto Mall (Automobile Dealer Property); and

F. Close cooperation between CITY and COUNTY, including an appropriate sharing of local tax revenue in area annexed to CITY, is necessary to maintain and improve the quality of life throughout Sacramento County and to deliver appropriate services in the most timely and cost-effective manner to all CITY and COUNTY residents; and

G. The parties hereto have agreed that it is appropriate for them to share on a 50%/50% basis all Property Tax, Transient Occupancy Tax and Sales Tax Revenue collected from Single Purpose/ Regional Tax Generating Land Uses within the Annexation Area; and

Folsom File No. 174-21 11-070
Res 8921 12/06/2011



H. The parties have further agreed that it is appropriate for them to share on a 50%/50% basis the Net Revenue collected within the Annexation Area; and

I. In order to provide for the most efficient administration of the tax exchange provided for by this Agreement, the parties have agreed that the calculation of their respective share of the total tax revenue subject to exchange pursuant to this Agreement can be accomplished by allocating to the CITY and COUNTY, respectively, specified percentages of each such tax revenue source.

J. It is the parties' intent for this Agreement to serve as a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code.

K. It is the parties' further intent that this Agreement serves as a contract to apportion sales and use taxes imposed by them as authorized by Article XIII, Section 29(b) of the California Constitution.

COUNTY and CITY hereby agree as follows:

Section 1. Recitals. The foregoing recitals are true and correct and part of this Agreement.

Section 2. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Annexation Area" shall mean that portion of the unincorporated area of Sacramento County designated as the South of Highway 50 sphere of influence of CITY, generally that area bounded by U.S. Highway 50 to the north, Prairie City Road to the west, White Rock Road to the south, and the Sacramento/El Dorado County boundary to the east as generally depicted on Exhibit 1 to this Agreement.

(b) "Annexation Date" shall mean the date specified by the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code 56000 et seq.) as the effective date of the Folsom Plan Area Annexation.

(c) "Automobile Dealer Property" shall mean that property fronting or which directly accesses Folsom Blvd. and is located within one half (1/2) mile of a property line of an automobile dealer located in the Folsom Auto Mall.

(d) "Big Box Retail Establishment" shall mean a retail establishment of greater than 75,000 square feet of permanent floor area that is available to generate sales, transactions or use tax revenue.

(e) "Folsom Auto Mall" shall mean that property annexed to the City of Folsom by LAFCO Application Control Number "92-1" and as depicted in Exhibit 2.

(f) "Folsom Plan Area Annexation" shall mean the annexation to the CITY as delineated in Sacramento Local Agency Formation Commission Application Control Number "LAFC 07-09", the annexation of which to CITY is subsequently approved and completed by the Sacramento Local Agency Formation Commission as provided in the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code 56000 et seq.).

(g) "General Fund Operations Costs" shall mean those expenditures by the City which are funded out of the City's General Fund.

(h) "Net Revenues" shall mean the total Property Tax Revenue, Sales Tax Revenue and Transient Occupancy Tax Revenue generated in the Annexation Area minus the following: (i) Property Tax Revenue, Sales Tax Revenue and Transient Occupancy Tax Revenue from Single Purpose/Regional Tax Generating Land Uses within the Annexation Area and (ii) CITY General Fund Operations Costs in the Annexation Area.

(i) "Property Tax Revenue" shall mean revenue from "ad valorem real property taxes on real property," as said term is used in Section 1 of Article 13A of the California Constitution and more particularly defined in subsection (c) of Section 95 of the California Constitution and Taxation Code, that is collected from within the Annexation Area, is available for allocation to the City and the County, and is currently allocated to the County General Fund, County Library Fund, Sacramento Metro Fire Protection District, County Road Fund, and El Dorado Hills Fire Protection District.

(j) "Sales Tax Revenue" shall mean the revenue from the sales, transactions and use taxes levied and received by the CITY that is collected at a point of sale within the Annexation Area.

(k) "Single Purpose/Regional Tax Generating Land Use" shall mean hotels, motels, auto dealers, and Big Box Retail Establishments. The following land uses shall be conclusively presumed not to be a Single Purpose/Regional Tax Generating Land Use: gas stations, restaurants, grocery stores and retail stores not meeting the definition of Big Box Retail Establishments, and, with the exception of Big Box Establishments, those commercial land uses under the Regional Commercial land use category as authorized by the Folsom Plan Area Specific Plan approved by the City Council on June 28, 2011.

(l) "Transient Occupancy Tax Revenue" shall mean the revenue derived from any transient occupancy tax levied and received by the CITY pursuant to Revenue and Taxation Code Section 7280, or any successor statutory provision, that is generated within the Annexation Area.

Section 3. General Purpose of Agreement. The general purpose of this Agreement is:

(a) To devise an equitable exchange of Property Tax Revenue between CITY and COUNTY as required by Section 99 of the California Revenue and Taxation Code;

(b) To fairly allocate Sales Tax and Transient Occupancy Tax Revenue collected within the Annexation Area; and

(c) To fairly allocate Sales Tax Revenue generated from automobile sales from Automobile Dealer Property in the same manner as Sales Tax Revenue generated from the Folsom Auto Mall is currently allocated.

Section 4. General Model of Distribution. COUNTY and CITY agree that the general model used in developing the distribution of revenues, consistent with Section 2 of this Agreement, is as follows:

- (a) A 50%/50% split, between the COUNTY and CITY, of Property Tax, Transient Occupancy Tax and Sales Tax Revenue collected from Single Purpose/ Regional Tax Generating Land Uses within the Annexation Area;
- (b) A 50%/50% split, between the COUNTY and CITY, of Net Revenue collected within the Annexation Area; and
- (c) A 50%/50% split of all Sales Tax Revenue collected from the Automobile Dealer Property.

Section 5. General Fund Operations Costs. The parties have calculated General Fund Operation Costs based upon certain mutually agreed upon assumptions that are set forth in Exhibit 3 to this Agreement. The parties understand and agree the percentage allocations set forth in Sections 6 and 7 hereof shall be binding on the parties irrespective of what actual General Fund Operations Costs may be in a given year when exchanges of tax revenue occur pursuant to this Agreement.

Section 6. Exchange of Property Tax Revenues. Commencing January 1, 2012 or the Annexation Date, whichever is later, and continuing from year to year thereafter, the COUNTY and CITY shall exchange Property Tax Revenue as follows:

- (a) COUNTY shall receive 8.462493% of the Property Tax Revenue to be collected in the Annexation Area prior to their appropriate Education Revenue Augmentation Fund (ERAF) payment.
- (b) CITY shall receive 47.681633% of the Property Tax Revenue to be collected in the Annexation Area prior to their appropriate Education Revenue Augmentation Fund (ERAF) payment.
- (c) The Property Tax Revenue available to be allocated to the COUNTY and CITY after their respective ERAF payments have been made shall be combined and COUNTY shall receive 16.555195% and CITY shall receive 83.444805% of the combined amount.

Section 7. Sharing of Sales Tax and Transient-Occupancy Tax Revenues. Commencing on January 1, 2012 or the Annexation Date, whichever is later, and continuing from year to year thereafter, the COUNTY and CITY shall exchange Sales Tax Revenue and Transient Occupancy Tax Revenue as follows:

- (a) COUNTY shall receive 16.555195% of the Sales Tax Revenue and Transient Occupancy Tax Revenue to be allocated to its General Fund.
- (b) CITY shall receive 83.444805% of the Sales Tax Revenue and Transient Occupancy Tax Revenue to be allocated to its General Fund.

Section 8. Allocation of Sales Tax Revenue from Automobile Dealer Property. Commencing on January 1, 2012 or the Annexation Date, whichever is later, and continuing from year to year thereafter, the CITY shall receive fifty (50%) percent of the COUNTY's share

of Sales Tax Revenue collected from retail sales of automobiles and automobile related products and services on the Automobile Dealer Property.

Section 9. Allocation to Other Public Entities. The COUNTY distributes Property Tax Revenue to public entities listed in Exhibit 3 as set forth therein. CITY has reached agreements with each of these entities and the share of Property Tax Revenue to be paid to each of them as set forth in Exhibit 3 to this Agreement.

Section 10. Remittance of Sales and Transient Occupancy Tax Revenue.

(a) CITY shall remit to the COUNTY its share of the Sales Tax Revenue and Transient Occupancy Tax Revenue as set forth in Section 8 hereof within thirty (30) calendar days of its receipt by CITY. In addition to any remedies COUNTY may have at law or in equity in the event of CITY's default on its obligation to remit such revenue as required by this Agreement, COUNTY may withhold from property tax payments otherwise due to the CITY an amount equal to the amount of Sales and Transient Occupancy Tax Revenue which CITY has failed to pay COUNTY in a timely manner, provided that COUNTY may not exercise such right of offset until it has first given CITY thirty (30) days prior written notice of COUNTY's intent to offset.

(b) COUNTY shall remit to CITY its share of the Sales Tax Revenue from Automobile Dealer Property as set forth in Section 9 hereof within thirty (30) calendar days of its receipt by COUNTY. In addition to any remedies CITY may have at law or in equity in the event of COUNTY's default on its obligation to remit such revenue as required by this Agreement, CITY may withhold from sales or transient occupancy tax payments otherwise due to the COUNTY an amount equal to the amount of tax revenue which COUNTY has failed to pay CITY in a timely manner, provided that CITY may not exercise such right of offset until it has first given COUNTY thirty (30) days prior written notice of CITY's intent to offset.

Section 11. Invalidity of Sales and Transient Occupancy Exchange.

(a) In the event that the CITY's obligation to exchange Sales and Transient Occupancy Tax Revenue pursuant to Section 8 hereof is invalidated either by final order or judgment of a court of competent jurisdiction or by action of the State Legislature, COUNTY's share of Property Tax Revenue exchanged pursuant to Section 7 hereof shall be increased by an amount equal to the amount of Sales Tax and Transient Occupancy Tax Revenue that would otherwise have been paid to COUNTY absent the invalidation of CITY's exchange obligation.

(b) In the event that the COUNTY's obligation to exchange Sales and Transient Occupancy Tax Revenue pursuant to Section 9 hereof is invalidated either by final order or judgment of a court of competent jurisdiction or by action of the State Legislature, CITY's share of Property Tax Revenue exchanged pursuant to Section 7 hereof shall be increased by an amount equal to the amount of Sales Tax and Transient Occupancy Tax Revenue that would otherwise have been paid to CITY absent the invalidation of COUNTY's exchange obligation.

Section 12. Exchange by County Auditor. COUNTY and CITY further agree that all of the exchanges of Property Tax Revenue required by this Agreement shall be made by the County Auditor.

Section 13. Independent Audit. CITY and COUNTY shall jointly hire an independent firm to audit the exchange of tax revenue provided for under this Agreement. Such audit shall be performed at least once every two years. However, to avoid the expense of an audit prior to revenues becoming sufficient to warrant such an expense, the audit process shall not be commenced until either party has given notice to the other that an audit is requested. The County Auditor will make any adjustment to the apportionment of Property Tax Revenue which are required by virtue of the result of the audit within sixty (60) days of receipt of the audit results.

Section 14. Periodic Review of CITY General Fund Operating Costs.

(a) Commencing July 1st following the fifth full fiscal year after the Annexation Date, and every fifth year thereafter, the parties shall meet and confer in good-faith in an effort to determine the CITY's annual General Fund Operations Costs for the preceding fiscal year and whether such costs were greater than 90% of the Adjusted General Fund Operations Costs as defined in Section 14(b). The parties shall use the same methodology as was used in Exhibit 4 of this Agreement in making this determination. If the parties are unable to reach agreement as to whether the CITY's annual General Fund Operations Costs for the fifth fiscal year exceed this 90% threshold, either party may invoke the dispute resolution procedure set forth as a means of making such determination.

(b) The Adjusted General Fund Operations Costs is defined as the lesser of (i) the original estimated General Fund Operations Costs or (ii) the original estimated General Fund Operations Costs multiplied by the by the ratio of the actual revenues over the original estimated revenues.

(c) If a determination is made that CITY's annual Adjusted General Fund Operations Costs for the preceding fiscal year was 90% or less than the Estimated General Fund Operations Costs as defined in Section 14(b) , the CITY and the COUNTY shall receive, respectively, 83.444805% and 16.555195% of such variance. The CITY shall pay the COUNTY's share of such variance to the COUNTY within one hundred twenty days of the determination being made.

(d) The periodic five-year review process provided for herein is not intended in any way to question the CITY's budget decisions and expenditures. It is simply intended to provide a mechanism to ensure that the both parties capture a fair and appropriate share of any increased Net Revenues that result from a reduction over time in the CITY's average annual General Fund Operations Costs.

Section 15. Dispute Resolution.

(a) Disputes Clause. Except as provided in Section 17 below, should any dispute arise as to the performance of or the interpretation of the provisions of this Agreement, COUNTY and CITY agree to the dispute resolution process as set forth below.

(b) Initiation of the Dispute Resolution Process. COUNTY or CITY may initiate the dispute resolution process by submitting written notification to the other of a dispute concerning

the performance of or interpretation of this Agreement. The written notification shall be made no later than sixty (60) days of the date any payment is made to either party pursuant to this Agreement. Only payments paid in the twelve (12) months prior to written notification shall be subject to the Dispute Resolution Process. This written notification shall include all supporting documentation, shall state what is in dispute, and shall request a meeting between the County Executive and the City Manager or their respective designees. The purpose of this meeting shall be to ascertain whether a resolution of the disagreement is possible without third party intervention. This meeting shall be scheduled to take place within thirty (30) working days of receipt of the written notification of the dispute. At the meeting, the respective representatives of the COUNTY and the CITY shall attempt to reach an equitable settlement of the disputed issues(s).

(c) **Binding Arbitration.** If the meeting provided for in subsection (b) of this Section fails to fully resolve the disagreement, the matter shall then be submitted by either party to the American Arbitration Association ("Arbitrator") to appoint a single neutral arbitrator for a decision. The arbitration shall be conducted pursuant to the procedures set forth in Chapter 3 (commencing with Section 1282) of Title 9 of the California Code of Civil Procedure. The decision of the Arbitrator shall be controlling between the CITY and the COUNTY and shall be final. Except as provided in Code of Civil Procedure Sections 1286.2 and 1286.4, neither party shall be entitled to judicial review of the Arbitrator's decision. The party against whom the award is rendered shall pay any monetary award and/or comply with any other order of the Arbitrator within sixty (60) days of the entry of judgment on the award.

(d) **Inadmissible Evidence -** All conduct, testimony, statements or other evidence made or presented during the meeting described in subsection (b) above shall be confidential and inadmissible in any arbitration proceeding brought pursuant to dispute resolution process.

(e) **Costs.** The parties shall share equally in the costs and fees associated with the Arbitrator's fees and expenses. At the conclusion of the arbitration, the prevailing party, as determined by the Arbitrator, shall be entitled to reimbursement by the other party for the Arbitrator's fees and the Arbitrator's expenses incurred in connection with the arbitration. The awarded arbitrator's fees and expenses shall be remitted to the party whose position is upheld within thirty (30) days of the Arbitrator's decision. Each party shall bear its own costs, expenses and attorney's fees and no party shall be awarded its costs, expenses, or attorney's fees incurred in any phase of the dispute resolution process.

Section 16. Mutual Defense of Agreement. If the validity of this Agreement is challenged in any legal action by a party other than COUNTY or CITY, then COUNTY and CITY agree to defend jointly against the legal challenge and to share equally any award of costs, including attorneys' fees, against COUNTY, CITY, or both.

Section 17. Waiver of Retroactive Recovery. If the validity of this agreement is challenged in any legal action brought by either COUNTY, CITY, or any third party, COUNTY and CITY hereby waive any right to the retroactive recovery of any County or City Tax Revenues exchanged pursuant to this Agreement prior to the date on which such legal action is filed in a

court of competent jurisdiction. The remedy available in any such legal action shall be limited to a prospective invalidation of the Agreement.

Section 18. Modification. This Agreement, and all of the covenants and conditions set forth herein, may be modified, amended or terminated only by a writing duly authorized and executed by both the COUNTY and CITY.

Section 19. Reformation. COUNTY and CITY understand and agree that this Agreement is based upon existing law, and that such law may be substantially amended in the future. In the event of an amendment of state law which renders this Agreement invalid or inoperable or which denies any party thereto the full benefit of this Agreement as set forth herein, in whole or in part, then COUNTY and CITY agree to renegotiate the Agreement in good faith with the intent of reaching the tax sharing arrangement which as closely as possible approximates the arrangement set forth herein.

Section 20. Effect of Tax Exchange Agreement. This Agreement shall be applicable solely to the Folsom Plan Area Annexation and does not constitute either a master tax sharing agreement or an agreement on property tax exchanges which may be required for any other annexation to the CITY, nor does it alter or enlarge any other revenue sharing obligations of the City.

Section 21. Integration. The terms of this Agreement are intended by the parties as a final expression of their mutual agreement and understanding with respect to such terms as are included in this Agreement and may not be contradicted by evidence of prior or contemporaneous agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced to vary its terms in any proceeding involving this Agreement.

Section 22. Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

COUNTY

County Executive
County of Sacramento
700 H Street, Room 7650
Sacramento, CA 95814

CITY

City Manager
City of Folsom
50 Natoma Street
Folsom, CA 95630

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.

Section 23. Approval, Consent, and Agreement. Wherever this Agreement requires a party's approval, consent, or agreement, the party shall make its decision to give or withhold

such approval, consent or agreement in good faith, and shall not withhold such approval, consent or agreement unreasonably or without good cause.

Section 24. Construction of Captions. Captions of the sections of this Agreement are for convenience and reference only. The words in the captions in no way explain, modify, amplify, or interpret this Agreement.

Section 25. Counterparts. This Agreement may be executed in two counterparts, each of which shall constitute an original.

Section 26. 2/3 Vote Requirement. The parties acknowledge and agree that this Agreement shall not become effective unless the ordinance or resolution approving this Agreement is approved by a 2/3 vote of both the City Council and the Board of Supervisors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the County of Sacramento, State of California, on the dates set forth above.

COUNTY OF SACRAMENTO

By Navdeep S. Gill
Navdeep S. Gill, Chief Operations Officer

Reviewed and Approved as to Form:

John Whisenhunt
John Whisenhunt, Assistant County Counsel

CITY OF FOLSOM

By: Evert W. Palmer 12/21/2011
Evert W. Palmer, City Manager

Approved As to Form:

Bruce C. Cline
Bruce C. Cline, City Attorney

Funding Available:

James Francis
James Francis, Finance Director

ATTEST: Christa Freemantle
Christa Freemantle, City Clerk 12/21/11



RECEIVED

JAN 07 2012

ORIGINAL
Official Document of the
Folsom City Clerk's Department

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

**PROPERTY TAX EXCHANGE AGREEMENT
BETWEEN THE SACRAMENTO METROPOLITAN FIRE DISTRICT AND
THE CITY OF FOLSOM RELATING TO THE FOLSOM PLAN AREA ANNEXATION**

This PROPERTY TAX EXCHANGE AGREEMENT (hereinafter "Agreement") is made and executed in duplicate this 21 day of December, 2011, by and between the SACRAMENTO METROPOLITAN FIRE DISTRICT, a Fire Protection District (hereinafter referred to as "SMFD"), and the CITY OF FOLSOM, a California municipal corporation and charter city (hereinafter referred to as "CITY").

RECITALS

A. On June 6, 1978, the voters of the State of California amended the California Constitution by adding Article XIII A thereto which limited the total amount of property taxes which could be levied on property by local taxing agencies having such property within their territorial jurisdiction to one percent (1%) of full cash value; and

B. Following such constitutional amendment, the California Legislature added Section 99 to the California Revenue and Taxation Code which requires a city seeking to annex property to its incorporated territory and an existing government entity, in this case SMFD, affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the SMFD and CITY following annexation of the property to the incorporated territory of CITY; and

C. CITY has filed an application with the Sacramento Local Agency Formation Commission ("LAFCO"), entitled "City of Folsom - Annexation of the Sphere of Influence South of Hwy 50 (LAFCO 04-11)," requesting its approval of the annexation of approximately 3600 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence; and

D. The Annexation Area is presently in SMFD service area and the CITY and SMFD agree that this service area will be detached upon approval of the South of Highway 50 Annexation by LAFCO and thereafter the CITY shall be the fire service provider; and

E. SMFD and CITY wish to work together to develop a fair and equitable approach to the sharing of real property ad valorem taxes imposed and collected as authorized by the Revenue and Taxation Code in order to encourage sound urban development and economic growth, with the intent of the parties being that SMFD shall continue to receive at least the same or greater level of property tax revenue as it receives at the present time; and

F. The purpose of this Agreement is to serve as a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code for the Annexation Area.

SMFD and CITY hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:



(a) "Annexation Area" shall mean that portion of the unincorporated area of Sacramento County served by SMFD designated as the Folsom Plan Area, which includes the area within the sphere of influence of CITY, generally that area bounded by U.S. Highway 50 to the north, Prairie City Road to the west, White Rock Road to the south, and the Sacramento/Eldorado County boundary to the east.

(b) "Annexation Date" shall mean the date specified by the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.) as the effective date of the Annexation Area.

(c) "South of Highway 50 Annexation" shall mean the annexation to the CITY of the Annexation Area as delineated in Sacramento Local Agency Formation Commission Application Control Number "LAFC 04-11", the annexation of which to CITY is subsequently approved and completed by the Sacramento Local Agency Formation Commission as provided in the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.).

(d) "Property Tax Revenue" shall mean revenue from "ad valorem real property taxes on real property", as said term is used in Section 1 of Article XIII A of the California Constitution and more particularly defined in subsection (c) of Section 95 of the California Revenue and Taxation Code, that is collected from within the Annexation Area, and which is currently allocated to the SMFD general fund.

Section 2. Purpose of Agreement. The purpose of this Agreement is to set forth the exchange of Property Tax Revenue between CITY and SMFD as allowed by Section 99 of the California Revenue and Taxation Code.

Section 3. Exchange of Property Tax Revenues. On and after the Annexation Date, the SMFD and CITY shall exchange Property Tax Revenue as follows:

(a) Commencing January 1, 2012 or the Annexation Date, whichever is later and continuing from year to year thereafter, the CITY and SMFD shall exchange Property Tax Revenue as follows:

(i) SMFD shall maintain the same dollar amount of property taxes received for the 2010-2011 fiscal year from tax rate areas 52-035 and 52-043 or 4.22106 % of the property tax generated from tax rate areas 52-035 and 52-043, whichever is greater; and

(ii) CITY shall receive any portion of the annual tax increment from the Annexation Area in excess of that amount owed to SMFD pursuant to this Agreement, if any, when and as such revenues are apportioned to jurisdictions in the tax rate area by the County Auditor pursuant to Article 2 of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, including Revenue and Taxation Code section 96.5.

Section 4. Exchange by County Auditor. SMFD and CITY agree that all of the exchanges of Property Tax Revenue required by this Agreement shall be made by the County Auditor.

Section 5. Waiver of Retroactive Recovery. If the validity of this Agreement is challenged in any legal action brought by any third party, CITY hereby waives any right to the retroactive recovery of any City property tax revenues exchanged pursuant to this Agreement prior to the date on which such legal action is filed in a court of competent jurisdiction. The remedy available to the City as a result of any such action shall be limited to a prospective invalidation of the Agreement.

Section 6. Mutual Defense of Agreement. If the validity of this Agreement, or any of its terms, is challenged in any legal, judicial, or administrative action by a party other than SMFD or CITY, the parties agree to defend jointly against the legal challenge. Each party will share equally in the costs related to such defense, including attorneys' fees, legal costs, expert fees and such other costs associated with the action. Each party shall have the equal right to control the defense of the action, including but not limited to the equal right to select counsel, and develop and/or approve defense strategies or courses of action. Further, the parties agree to share equally any award of damages, fees, assessments, attorneys' fees, costs or consequential or incidental damages or costs awarded against the parties or either of them.

Section 7. Modification. The provisions of this Agreement and all of the covenants and conditions set forth herein may be modified or amended only in writing which shall be duly authorized and executed by both the SMFD and CITY.

Section 8. Reformation. SMFD and CITY understand and agree that this Agreement is based upon existing law, and that such law may be substantially amended in the future. In the event of an amendment of state law which renders this Agreement invalid or which denies any party thereto the full benefit of this Agreement as set forth herein, in whole or in part, then SMFD and CITY agree to renegotiate the Agreement in good faith. However, unless state law renders this Agreement void, the terms and conditions herein shall continue in full force and effect. Should the parties be unable to renegotiate the Agreement, on terms acceptable to both, the Agreement shall continue to remain in full force and effect.

Section 9. Effect of Tax Exchange Agreement. This Agreement shall be applicable solely to the Annexation Area and does not constitute either a master tax sharing agreement or an agreement on property tax exchanges which may be required for any other annexation to the CITY.

Section 10. Entire Agreement. With respect to the subject matter hereof only, this Agreement supersedes any and all previous negotiations, proposals, commitments, writings, and understandings of any nature whatsoever between SMFD and CITY except as otherwise provided herein. This Agreement contains all of the agreements and understandings between the parties. In the event that any term or provision of this Agreement is found to be invalid or unenforceable, such a finding shall not affect the validity and enforceability of the remaining provisions of this Agreement.

Section 11. Binding Effect. This Agreement shall extend to and bind the successors and assigns of the parties hereto.

Section 12. Attorneys' Fees. Should any legal action be brought by either party for breach of the Agreement, or any term or provision of the Agreement, or to enforce any provision of the Agreement, the prevailing party shall be entitled to an award of all

attorneys' fees and legal costs incurred by that party in bringing or defending such action.

Section 13. Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

SMFD

Kurt P. Henke, Fire Chief
Sacramento Metro Fire District
10545 Armstrong Avenue, Suite 200
Mather, CA 95655-4102

CITY

City Manager
City of Folsom
50 Natoma Street
Folsom, CA 95630

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.

Section 14. Approval, Consent, and Agreement. Wherever this Agreement requires a party's approval, consent, or agreement, the party shall make its decision to give or withhold such approval, consent or agreement in good faith, and shall not withhold such approval, consent or agreement unreasonably or without good cause.

Section 15. Construction of Captions. Captions of the sections of this Agreement are for convenience and reference only. The words in the captions in no way explain, modify, amplify, or interpret this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the County of Sacramento, State of California, on the dates set forth above.

Sacramento Metropolitan Fire District

By _____

Approved As to Form:


John A. Lavra, District General Counsel

CITY OF FOLSOM

By _____

 12/21/2011
Evert W. Palmer, City Manager

Approved As to Form:

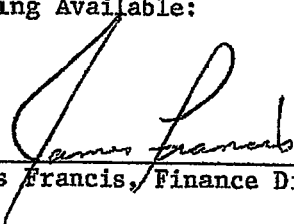


Bruce C. Cline, City Attorney

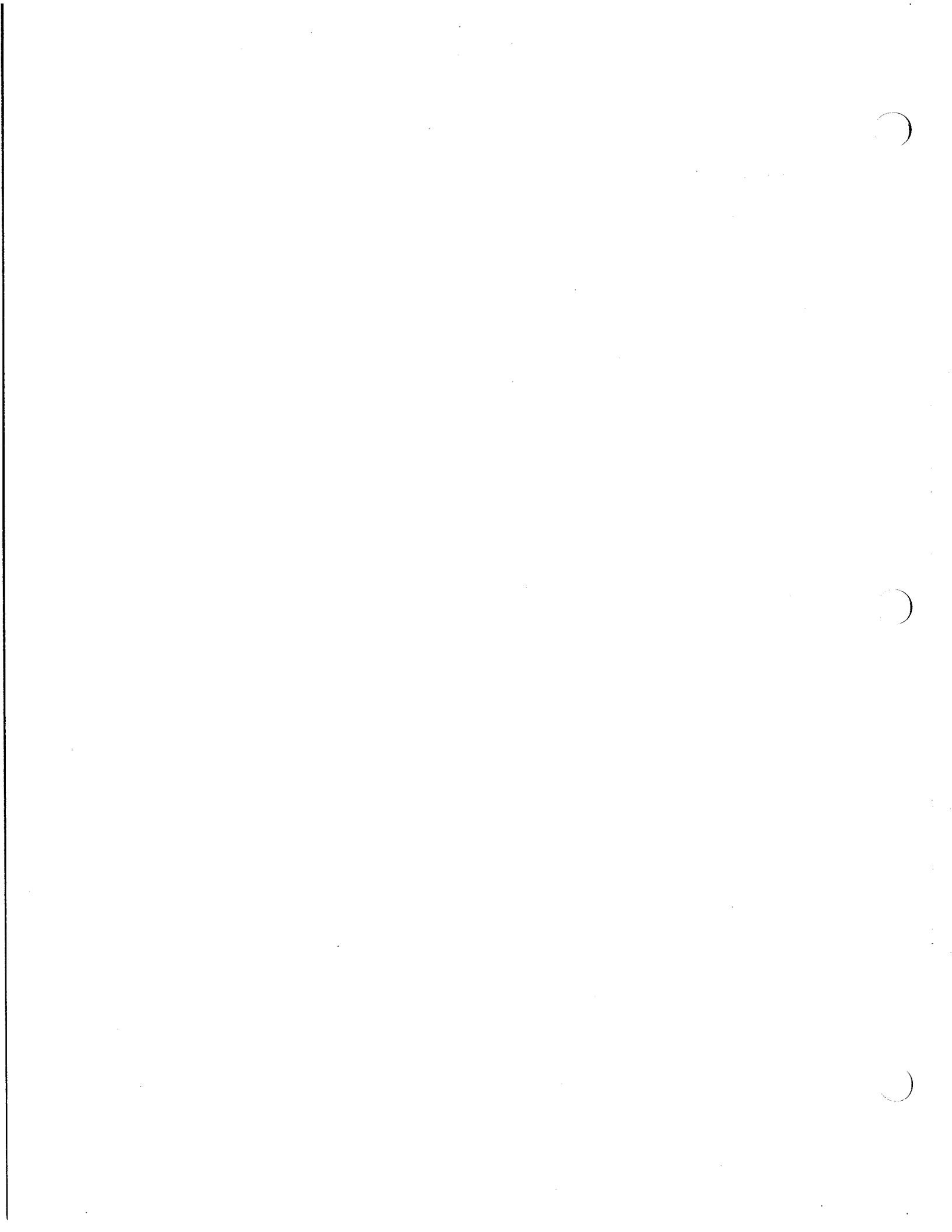
(SEAL)

ATTEST: Christa Saunders 12/22/11
Christa Saunders, City Clerk

Funding Available:



James Francis, Finance Director



RECEIVED

NOV 10 2012

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

**PROPERTY TAX EXCHANGE AGREEMENT
BETWEEN THE SACRAMENTO PUBLIC LIBRARY AUTHORITY AND THE
CITY OF FOLSOM RELATING TO THE FOLSOM PLAN AREA ANNEXATION**

This PROPERTY TAX EXCHANGE AGREEMENT (hereinafter "Agreement") is made and executed in duplicate this 30 day of November, 2011, by and between the SACRAMENTO PUBLIC LIBRARY AUTHORITY, a Joint Powers Agency (hereinafter referred to as "LIBRARY"), and the CITY OF FOLSOM, a California municipal corporation and charter city (hereinafter referred to as "CITY").

RECITALS

A. On June 6, 1978, the voters of the State of California amended the California Constitution by adding Article XIII A thereto which limited the total amount of property taxes which could be levied on property by local taxing agencies having such property within their territorial jurisdiction to one percent (1%) of full cash value; and

B. Following such constitutional amendment, the California Legislature added Section 99 to the California Revenue and Taxation Code which requires a city seeking to annex property to its incorporated territory and an existing government entity, in this case LIBRARY, affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the LIBRARY and CITY following annexation of the property to the incorporated territory of CITY; and

C. CITY has filed an application with the Sacramento Local Agency Formation Commission ("LAFCO"), entitled "City of Folsom - Annexation of the Sphere of Influence South of Hwy 50 (LAFCO 04-11)," requesting its approval of the annexation of approximately 3500 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence; and

D. LIBRARY and CITY wish to work together to develop a fair and equitable approach to the sharing of real property ad valorem taxes imposed and collected as authorized by the Revenue and Taxation Code in order to encourage sound urban development and economic growth, with the intent of the parties that LIBRARY shall continue to receive the same property tax revenue as it receives at the present time and the CITY will be the primary library service provider in the Annexation Area after the Annexation Date; and

E. The level of library service shall be consistent with the current level provided and as the area develops will exceed the current level of service currently provided; and

F. The purpose of this Agreement is to serve as a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code for the Annexation Area.

LIBRARY and CITY hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Annexation Area" shall mean that portion of the unincorporated area of Sacramento County served by LIBRARY designated as the Folsom Plan Area, which includes the area within the sphere of influence of CITY, generally that area bounded by U.S. Highway 50 to the north, Prairie City Road to the west, White Rock Road to the south, and the Sacramento/Eldorado County boundary to the east.

(b) "Annexation Date" shall mean the date specified by the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.) as the effective date of the Annexation Area.

(c) "South of Highway 50 Annexation" shall mean the annexation to the CITY of the Annexation Area as delineated in Sacramento Local Agency Formation Commission Application Control Number "LAFC 04-11", the annexation of which to CITY is subsequently approved and completed by the Sacramento Local Agency Formation Commission as provided in the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.).

(d) "Property Tax Revenue" shall mean revenue from "ad valorem real property taxes on real property", as said term is used in Section 1 of Article XIII A of the California Constitution and more particularly defined in subsection (c) of Section 95 of the California Revenue and Taxation Code, that is collected from within the Annexation Area, and which is currently allocated to the LIBRARY general fund.

Section 2. Purpose of Agreement. The purpose of this Agreement is to set forth the exchange of Property Tax Revenue between CITY and LIBRARY as allowed by Section 99 of the California Revenue and Taxation Code.

Section 3. Exchange of Property Tax Revenues. On and after the Annexation Date, the LIBRARY and CITY shall exchange Property Tax Revenue as follows:

(a) LIBRARY shall continue to receive the same amount of Property Tax Revenues received from the Annexation Area in fiscal year 2010-2011 when and as such revenues are apportioned to jurisdictions in the tax rate area by the County Auditor pursuant to Article 2 of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, including Revenue and Taxation Code section 96.1. That sum is agreed to be \$5,322.00.

(b) CITY shall receive any portion of the annual tax increment from the Annexation Area in excess of that amount owed to Library pursuant to this Agreement, if any, when and as such revenues are apportioned to jurisdictions in the tax rate area by the County Auditor pursuant to Article 2 of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, including Revenue and Taxation Code section 96.5.

Section 4. Exchange by County Auditor. LIBRARY and CITY agree that all of the exchanges of Property Tax Revenue required by this Agreement shall be made by the County Auditor.

Section 5. Waiver of Retroactive Recovery. If the validity of this Agreement is challenged in any legal action brought by CITY of any third party, CITY hereby waives any right to the retroactive recovery of any City property tax revenues exchanged pursuant to this Agreement prior to the date on which such legal action is filed in a court of competent jurisdiction. The remedy available in any such action shall be limited to a prospective invalidation of the Agreement.

Section 6. Mutual Defense of Agreement. If the validity of this Agreement is challenged in any legal action by a party other than LIBRARY or CITY, the parties agree to defend jointly against the legal challenge and to share equally any award of costs, including attorney's fees, against the parties or either of them.

Section 7. Modification. The provisions of this Agreement and all of the covenants and conditions set forth herein may be modified or amended only by a writing duly authorized and executed by both the LIBRARY and CITY.

Section 8. Reformation. LIBRARY and CITY understand and agree that this Agreement is based upon existing law, and that such law may be substantially amended in the future. In the event of an amendment of state law which renders this Agreement invalid or inoperable or which denies any party thereto the full benefit of this Agreement as set forth herein, in whole or in part, then LIBRARY and CITY agree to renegotiate the Agreement in good faith.

Section 9. Effect of Tax Exchange Agreement. This Agreement shall be applicable solely to the Annexation Area and does not constitute either a master tax sharing agreement or an agreement on property tax exchanges which may be required for any other annexation to the CITY.

Section 10. Entire Agreement. With respect to the subject matter hereof only, this Agreement supersedes any and all previous negotiations, proposals, commitments, writings, and understandings of any nature whatsoever between LIBRARY and CITY except as otherwise provided herein.

Section 11. Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

LIBRARY

Library Director
Sacramento Public Library Authority
828 I Street
Sacramento, CA 95814

CITY

City Manager
City of Folsom
50 Natoma Street
Folsom, CA 95630

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.


Section 12. Approval, Consent, and Agreement. Wherever this Agreement requires a party's approval, consent, or agreement, the party shall make its decision to

give or withhold such approval, consent or agreement in good faith, and shall not withhold such approval, consent or agreement unreasonably or without good cause.

Section 13. Construction of Captions. Captions of the sections of this Agreement are for convenience and reference only. The words in the captions in no way explain, modify, amplify, or interpret this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the County of Sacramento, State of California, on the dates set forth above.

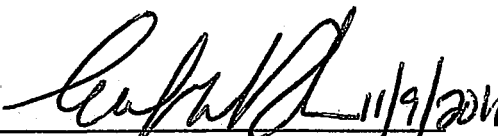
LIBRARY

By 
Library Director

Approved As to Form:


Library Counsel

CITY

By:  11/9/2011
Evert W. Palmer, City Manager

ATTEST: 
Christa Saunders, City Clerk

Approved As to Form:

 11/9/11
Bruce Cline, City Attorney

Folsom File No. 174-21 11-067





Sacramento Public Library Authority

RESOLUTION NO. 11-56

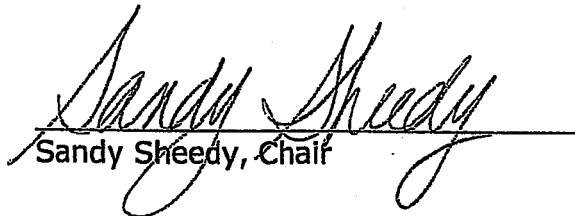
Adopted by the Governing Board of the Sacramento Public Library Authority on the date of:

November 30, 2011

A RESOLUTION APPROVING A PROPERTY TAX EXCHANGE AGREEMENT BETWEEN THE SACRAMENTO PUBLIC LIBRARY AUTHORITY AND THE CITY OF FOLSOM RELATING TO THE FOLSOM PLAN AREA ANNEXATION

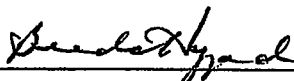
BE IT HEREBY RESOLVED BY THE GOVERNING BOARD OF THE SACRAMENTO PUBLIC LIBRARY AUTHORITY AS FOLLOWS:

1. The Property Tax Exchange Agreement between the City of Folsom and Sacramento Public Library Authority relating to the Folsom Plan Area Annexation is approved.
2. The Library Director is authorized to execute all necessary documents pertaining to this agreement on behalf of the Authority.


Sandy Sheedy, Chair

ATTEST:

Rivkah K. Sass, Secretary

By: 
Brenda Haggard, Assistant Secretary

ATTACHMENTS:

Exhibit A: Tax Exchange Agreement Between the City of Folsom and Sacramento Public Library Authority

COPY

**PROPERTY TAX EXCHANGE AGREEMENT
BETWEEN THE SACRAMENTO PUBLIC LIBRARY AUTHORITY AND THE
CITY OF FOLSOM RELATING TO THE FOLSOM PLAN AREA ANNEXATION**

This PROPERTY TAX EXCHANGE AGREEMENT (hereinafter "Agreement") is made and executed in duplicate this ____ day of November, 2011, by and between the SACRAMENTO PUBLIC LIBRARY AUTHORITY, a Joint Powers Agency (hereinafter referred to as "LIBRARY"), and the CITY OF FOLSOM, a California municipal corporation and charter city (hereinafter referred to as "CITY").

RECITALS

A. On June 6, 1978, the voters of the State of California amended the California Constitution by adding Article XIII A thereto which limited the total amount of property taxes which could be levied on property by local taxing agencies having such property within their territorial jurisdiction to one percent (1%) of full cash value; and

B. Following such constitutional amendment, the California Legislature added Section 99 to the California Revenue and Taxation Code which requires a city seeking to annex property to its incorporated territory and an existing government entity, in this case LIBRARY, affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the LIBRARY and CITY following annexation of the property to the incorporated territory of CITY; and

C. CITY has filed an application with the Sacramento Local Agency Formation Commission ("LAFCO"), entitled "City of Folsom - Annexation of the Sphere of Influence South of Hwy 50 (LAFCO 04-11)," requesting its approval of the annexation of approximately 3500 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence; and

D. LIBRARY and CITY wish to work together to develop a fair and equitable approach to the sharing of real property ad valorem taxes imposed and collected as authorized by the Revenue and Taxation Code in order to encourage sound urban development and economic growth, with the intent of the parties that LIBRARY shall continue to receive the same property tax revenue as it receives at the present time and the CITY will be the primary library service provider in the Annexation Area after the Annexation Date; and

E. The level of library service shall be consistent with the current level provided and as the area develops will exceed the current level of service currently provided; and

F. The purpose of this Agreement is to serve as a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code for the Annexation Area.

LIBRARY and CITY hereby agree as follows:

DISCARD THIS DOCUMENT
FULLY EXECUTED DOCUMENT

Section 1. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Annexation Area" shall mean that portion of the unincorporated area of Sacramento County served by LIBRARY designated as the Folsom Plan Area, which includes the area within the sphere of influence of CITY, generally that area bounded by U.S. Highway 50 to the north, Prairie City Road to the west, White Rock Road to the south, and the Sacramento/Eldorado County boundary to the east.

(b) "Annexation Date" shall mean the date specified by the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.) as the effective date of the Annexation Area.

(c) "South of Highway 50 Annexation" shall mean the annexation to the CITY of the Annexation Area as delineated in Sacramento Local Agency Formation Commission Application Control Number "LAFC 04-11", the annexation of which to CITY is subsequently approved and completed by the Sacramento Local Agency Formation Commission as provided in the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.).

(d) "Property Tax Revenue" shall mean revenue from "ad valorem real property taxes on real property", as said term is used in Section 1 of Article XIII A of the California Constitution and more particularly defined in subsection (c) of Section 95 of the California Revenue and Taxation Code, that is collected from within the Annexation Area, and which is currently allocated to the LIBRARY general fund.

Section 2. Purpose of Agreement. The purpose of this Agreement is to set forth the exchange of Property Tax Revenue between CITY and LIBRARY as allowed by Section 99 of the California Revenue and Taxation Code.

Section 3. Exchange of Property Tax Revenues. On and after the Annexation Date, the LIBRARY and CITY shall exchange Property Tax Revenue as follows:

(a) LIBRARY shall continue to receive the same amount of Property Tax Revenues received from the Annexation Area in fiscal year 2010-2011 when and as such revenues are apportioned to jurisdictions in the tax rate area by the County Auditor pursuant to Article 2 of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, including Revenue and Taxation Code section 96.1. That sum is agreed to be \$5,322.00.

(b) CITY shall receive any portion of the annual tax increment from the Annexation Area in excess of that amount owed to Library pursuant to this Agreement, if any, when and as such revenues are apportioned to jurisdictions in the tax rate area by the County Auditor pursuant to Article 2 of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, including Revenue and Taxation Code section 96.5.

Section 4. Exchange by County Auditor. LIBRARY and CITY agree that all of the exchanges of Property Tax Revenue required by this Agreement shall be made by the County Auditor.

Section 5. Waiver of Retroactive Recovery. If the validity of this Agreement is challenged in any legal action brought by CITY of any third party, CITY hereby waives any right to the retroactive recovery of any City property tax revenues exchanged pursuant to this Agreement prior to the date on which such legal action is filed in a court of competent jurisdiction. The remedy available in any such action shall be limited to a prospective invalidation of the Agreement.

Section 6. Mutual Defense of Agreement. If the validity of this Agreement is challenged in any legal action by a party other than LIBRARY or CITY, the parties agree to defend jointly against the legal challenge and to share equally any award of costs, including attorney's fees, against the parties or either of them.

Section 7. - Modification. The provisions of this Agreement and all of the covenants and conditions set forth herein may be modified or amended only by a writing duly authorized and executed by both the LIBRARY and CITY.

Section 8. Reformation. LIBRARY and CITY understand and agree that this Agreement is based upon existing law, and that such law may be substantially amended in the future. In the event of an amendment of state law which renders this Agreement invalid or inoperable or which denies any party thereto the full benefit of this Agreement as set forth herein, in whole or in part, then LIBRARY and CITY agree to renegotiate the Agreement in good faith.

Section 9. Effect of Tax Exchange Agreement. This Agreement shall be applicable solely to the Annexation Area and does not constitute either a master tax sharing agreement or an agreement on property tax exchanges which may be required for any other annexation to the CITY.

Section 10. Entire Agreement. With respect to the subject matter hereof only, this Agreement supersedes any and all previous negotiations, proposals, commitments, writings, and understandings of any nature whatsoever between LIBRARY and CITY except as otherwise provided herein.

Section 11. Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

<u>LIBRARY</u>	<u>CITY</u>
Library Director	City Manager
Sacramento Public Library Authority	City of Folsom
828 I Street	50 Natoma Street
Sacramento, CA 95814	Folsom, CA 95630

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.

Section 12. Approval, Consent, and Agreement. Wherever this Agreement requires a party's approval, consent, or agreement, the party shall make its decision to

give or withhold such approval, consent or agreement in good faith, and shall not withhold such approval, consent or agreement unreasonably or without good cause.

Section 13. Construction of Captions. Captions of the sections of this Agreement are for convenience and reference only. The words in the captions in no way explain, modify, amplify, or interpret this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the County of Sacramento, State of California, on the dates set forth above.

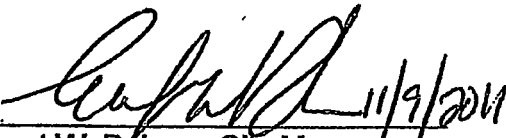
LIBRARY

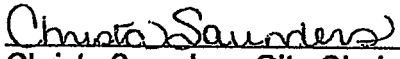
By _____
Library Director

Approved As to Form:

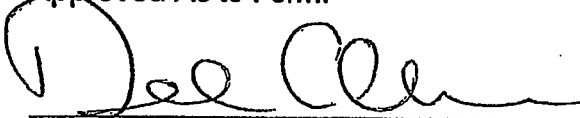
Library Counsel

CITY

By:  11/9/2011
Evert W. Palmer, City Manager

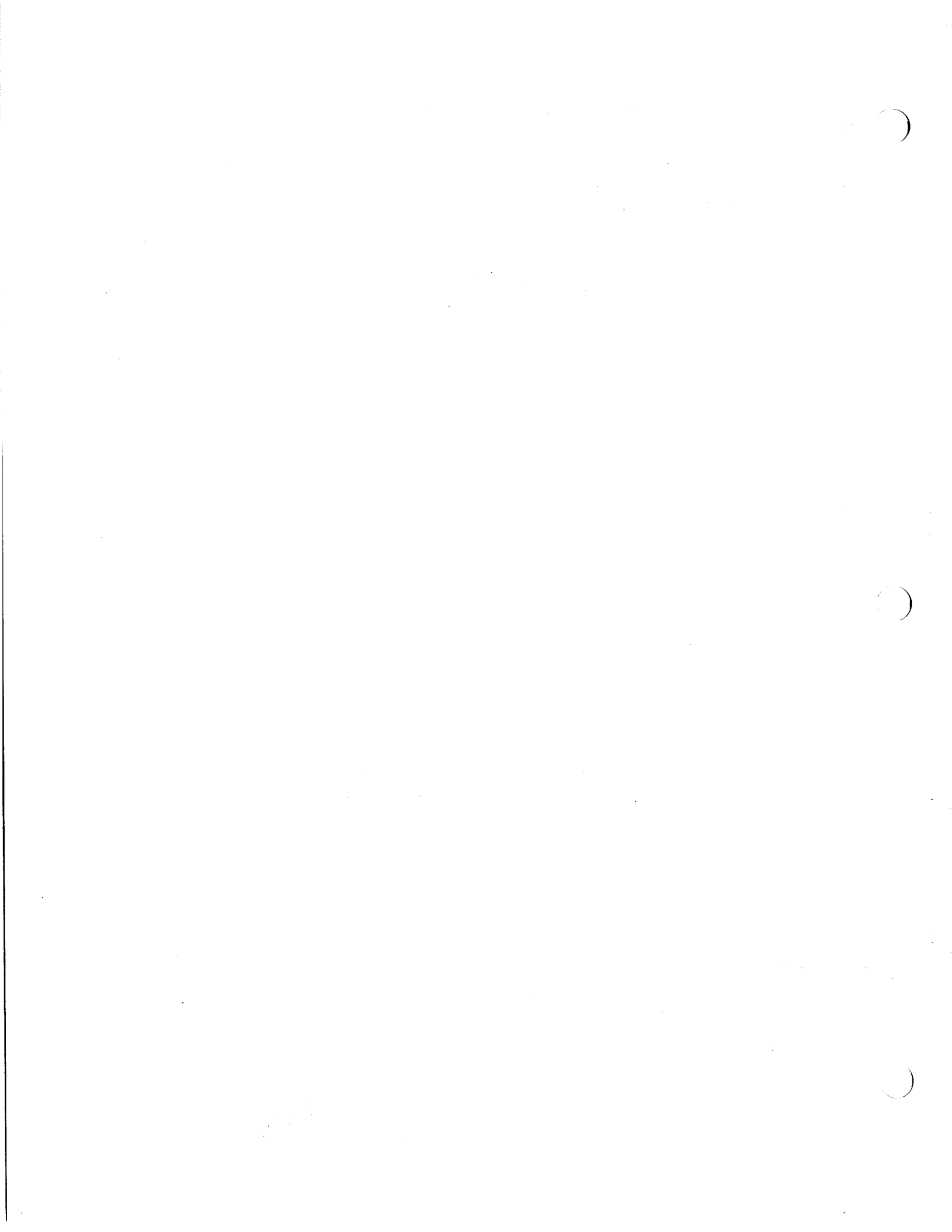
ATTEST: 
Christa Saunders, City Clerk

Approved As to Form:

 11/9/11
Bruce Cline, City Attorney

Folsom File No. 174-21 11-067





RECEIVED

JAN 7 2012

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

**MEMORANDUM OF UNDERSTANDING RELATING TO
SHARING REAL PROPERTY TAX REVENUE BETWEEN
THE EL DORADO HILLS COUNTY WATER DISTRICT
(AKA THE EL DORADO HILLS FIRE DEPARTMENT) AND THE CITY OF FOLSOM
RELATING TO THE SOUTH OF HIGHWAY 50 FOLSOM PLAN AREA
ANNEXATION**

This Memorandum of Understanding (hereinafter "MOU") is made and executed in duplicate this 15th day of November, 2011 by and between the EL DORADO HILLS COUNTY WATER DISTRICT (AKA THE EL DORADO HILLS FIRE DEPARTMENT), (hereinafter referred to as "EL DORADO HILLS"), AND THE CITY OF FOLSOM, a charter city (hereinafter referred to as "CITY").

RECITALS

- A. On June 6, 1978, the voters of the State of California amended the California Constitution by adding Article X111A thereto which limited the total amount of property taxes which could be levied on property by local taxing agencies having such property within their territorial jurisdiction to one percent (1%) of full cash value; and
- B. Following such constitutional amendment, the California Legislature added Section 99 to the California Revenue and Taxation Code which requires a city seeking to annex property to its incorporated territory and a county affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the county and city following annexation of the property to the incorporated territory of the city; and
- C. CITY has filed an application with the Sacramento Local Agency Formation Commission ("LAFCO"), entitled "City of Folsom Annexation – Annexation of the Sphere of Influence (L AFC-07-09)," requesting its approval of the annexation of approximately 3600 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence ("the Annexation Area"); and
- D. A portion of the Annexation Area is within EL DORADO HILLS's fire service boundary. LAFCO Resolution 1196 adopted on June 6, 2001 provided that the CITY would meet and confer with special districts including EL DORADO HILLS relating to providing service in the Annexation Area. Section 12 of Resolution 1196 further provides that the CITY will not seek detachment with respect to the El Dorado Irrigation District as a result of that agency's ERAF exemption. EL

Folsom File No. 174-21 11-069



DORADO HILLS also has the same ERAF exemption, and detachment would have serious financial consequences that EL DORADO HILLS and the CITY wish to avoid. The CITY and EL DORADO HILLS have met and conferred as required and have reached an agreement regarding the provision of fire service in the Annexation Area and related to that portion of Property Tax Revenue that will continue to be paid to EL DORADO after annexation.

- E. The level of fire service to be provided to the Annexation Area shall be consistent with the current level of service or, as the area develops will exceed the level currently provided.

EL DORADO HILLS and CITY hereby agree as follows:

Section 1. Definitions. For purposes of this MOU, the following terms shall have the meanings set forth below:

- (a) "Annexation Area" shall mean that portion of the unincorporated area of Sacramento County designated as the South of Highway 50 sphere of influence of CITY, generally that area bounded by U.S. Highway 50 to the north, Prairie City Road to the west, White Rock Road to the south, and the Sacramento/El Dorado County boundary to the east as generally depicted on Exhibit 1 to this Memorandum of Understanding.
- (b) "Annexation Date" shall mean the date specified by the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code 56000 et seq.) as the effective date of the Folsom Plan Area Specific Plan Annexation.
- (c) "Fire Service Area" shall mean that portion of the Annexation Area that is currently in EL DORADO HILLS's fire service boundary.
- (d) "Folsom Plan Area Annexation" shall mean the annexation to the CITY as delineated in Sacramento Local Agency Formation Commission Application Control Number "L AFC 07-09", the annexation of which to CITY is subsequently approved and completed by the Sacramento Local Agency Formation Commission as provided in the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code 56000 et seq.).
- (e) "Property Tax Revenue" shall mean revenue from "ad valorem real property taxes on real property," as said term is used in Section 1 of Article 13A of the California Constitution and more particularly defined in subsection (c) of Section 95 of the California Constitution and Taxation Code, that is collected from within

the Annexation Area, is available for allocation to the City and the County, and is currently allocated to the County General Fund, County Library Fund, Sacramento Metro Fire Protection District, County Road Fund, and El Dorado Hills Fire Protection District.

Section 2. General Purpose of Memorandum of Understanding. The general purpose of this MOU is:

- (a) To define the share of Property Tax Revenue that EL DORADO HILLS will continue to receive after annexation, to maintain existing jurisdictional boundaries, and to preserve and protect the existing property tax increment and ERAF exemption accruing to EL DORADO HILLS, and;
- (b) To provide for services to be provided by the CITY and EL DORADO HILLS.

Section 3. Property Tax Distribution. EL DORADO HILLS and CITY agree that the distribution of Property Tax Revenue relating to the share that EL DORADO HILLS will continue to receive and the remaining portion that the CITY will receive is as follows:

- (a) EL DORADO HILLS shall maintain the same dollar amount of property taxes received in the 2010-2011 fiscal year from tax rate area 52-030, with an annual adjustment equal to the County Assessor's annual adjustment on property taxes in the Annexation Area. If there is a negative adjustment by the County Assessor, the amount received by EL DORADO HILLS will not be adjusted downward. If there is no adjustment by the County Assessor, the amount received by EL DORADO HILLS will not be adjusted. The County Assessor's annual adjustment is based on the change in the Consumer Price Index, not to exceed an increase of 2%. ; and
- (b) The CITY shall receive the remaining Property Tax Revenue and any other tax revenues that are generated in the Annexation Area.

Section 4. Provision of Service in the Annexation Area. The CITY will not seek or support detachment of the EL DORADO HILLS fire service boundary that is in the Annexation Area. EL DORADO HILLS and CITY agree that the CITY will be the primary fire service provider for all purposes in the Annexation Area. EL DORADO HILLS will continue to provide service within the Fire Service Area and other portions of the CITY as a secondary resource pursuant to existing automatic aid and/or mutual aid agreements. Both parties to the MOU recognize that there will be ongoing, mutual issues to address regarding the provision of fire service within the Fire Service Area. EL DORADO HILLS and CITY agree to meet and confer and address

service issues that might arise. Additionally the CITY and EL DORADO HILLS agree as follows:

- (a) CITY will provide pre-hospital emergency medical services (e.g., 9-1-1 dispatch, first responder advanced life support, ground ambulance transport) within the Annexation Area, including those located within the Fire Service Area.
- (b) CITY will provide hazardous material response and clean-up services within the Annexation Area, including those located within the Fire Service Area.
- (c) CITY will provide emergency management services within the Annexation Area, including those located within the Fire Service Area.
- (d) CITY will provide fire prevention services (e.g., plan check, fire code permit review, safety inspections, weed abatement) within the Annexation Area, including those located within the Fire Service Area.
- (e) All revenue sources related to providing these services will be retained by CITY for the operation of its general fund, except as provided in this MOU.
- (f) CITY will, to the maximum extent permitted by law, indemnify defend and hold EL DORADO HILLS harmless from and against any claims, suits, actions or liabilities arising out of, or relating to, CITY's performance of the services described above within the Fire Service Area.
- (g) CITY and EL DORADO HILLS shall continue to provide services within each other's jurisdictions pursuant to automatic aid and/or mutual aid agreements, as such agreements may be amended from time to time.

Section 5. Dispute Resolution.

- (a) Disputes Clause. Should any dispute arise as to the performance of or the interpretation of the provisions of this Memorandum of Understanding, EL DORADO HILLS and CITY agree to the dispute resolution process as set forth below.
- (b) Initiation of the Dispute Resolution Process. EL DORADO HILLS or CITY may initiate the dispute resolution process by submitting written notification to the other of a dispute concerning the performance of or interpretation of this Memorandum of Understanding. The written notification shall be made no later than sixty (60) days of the date any Property Tax Revenue payment is made to

either party pursuant to this Memorandum of Understanding or within sixty (60) days of any dispute arising. In no case shall a dispute relate to any fiscal year other than the fiscal year in which the notification is made. This written notification shall include all supporting documentation, shall state what is in dispute, and shall request a meeting between the President of the Board of Directors and the CITY Manager or their respective designees. The purpose of this meeting shall be to ascertain whether a resolution of the disagreement is possible without third party intervention. This meeting shall be scheduled to take place within thirty (30) working days of receipt of the written notification of the dispute. At the meeting, the respective representatives of the EL DORADO HILLS and the CITY shall attempt to reach an equitable settlement of the disputed issues(s).

- (c) **Binding Arbitration.** If the meeting provided for in subsection (b) of this Section fails to fully resolve the disagreement, the matter shall then be submitted by either party to the American Arbitration Association ("Arbitrator") to appoint a single neutral arbitrator for a decision. The arbitration shall be conducted pursuant to the procedures set forth in Chapter 3 (commencing with Section 1282) of Title 9 of the California Code of Civil Procedure. The decision of the Arbitrator shall be controlling between the CITY and EL DORADO HILLS and shall be final. Except as provided in Code of Civil Procedure Sections 1286.2 and 1286.4, neither party shall be entitled to judicial review of the Arbitrator's decision. The party against whom the award is rendered shall pay any monetary award and/or comply with any other order of the Arbitrator within sixty (60) days of the entry of judgment on the award.
- (d) **Inadmissible Evidence -** All conduct, testimony, statements or other evidence made or presented during the meeting described in subsection (b) above shall be confidential and inadmissible in any arbitration proceeding brought pursuant to dispute resolution process.
- (e) **Costs.** The parties shall share equally in the costs and fees associated with the Arbitrator's fees and expenses. At the conclusion of the arbitration, the prevailing party, as determined by the Arbitrator, shall be entitled to reimbursement by the other party for the Arbitrator's fees and the Arbitrator's expenses incurred in connection with the arbitration. The awarded arbitrator's fees and expenses shall be remitted to the party whose position is upheld within thirty (30) days of the Arbitrator's decision. Each party shall bear its own costs, expenses and attorney's fees and no party shall be awarded its costs, expenses, or attorney's fees incurred in any phase of the dispute resolution process.

Section 6. Mutual Defense of Memorandum of Understanding. If the validity of this Memorandum of Understanding is challenged in any legal action by a party other than EL DORADO HILLS or CITY, then EL DORADO HILLS and CITY agree to defend jointly against the legal challenge and CITY agrees to pay the cost to defend the legal challenge.

Section 7. Termination and Amendments. This MOU and all of the covenants and conditions set forth herein may only be terminated or amended by a vote of both the EL DORADO HILLS Board of Directors and the City Council for the CITY and a writing duly authorized and executed by both EL DORADO HILLS and CITY.

Section 8. Reformation. EL DORADO HILLS and CITY understand and agree that this Memorandum of Understanding is based upon existing law, and that such law may be substantially amended in the future. In the event of an amendment of state law which renders this Memorandum of Understanding invalid or inoperable or which denies any party thereto the full benefit of this Memorandum of Understanding as set forth herein, in whole or in part, then EL DORADO HILLS and CITY agree to renegotiate the Memorandum of Understanding in good faith with the intent of reaching the tax sharing arrangement which as closely as possible approximates the arrangement set forth herein, specifically including, without limitation, the maintenance of the EL DORADO HILLS current ERAF exemption.

Section 9. Entire Memorandum of Understanding. With respect to the subject matter hereof only, this Memorandum of Understanding supersedes any and all previous negotiations, proposals, commitments, writings, and understanding of any nature whatsoever between EL DORADO HILLS and CITY except as otherwise provided herein.

Section 10. Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this Memorandum of Understanding shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

EL DORADO HILLS

President of the Board of Directors
El Dorado Hills Fire Department
1050 Wilson Blvd
El Dorado Hills, CA 95814

CITY

City Manager
City of Folsom
50 Natoma Street
Folsom, CA 95630

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.

Section 11. Construction of Captions. Captions of the sections of this Memorandum of Understanding are for convenience and reference only. The words in the captions in no way explain, modify, amplify, or interpret this Memorandum of Understanding.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be duly executed on the date written below.

**EL DORADO HILLS COUNTY
WATER DISTRICT,
a County Water District**

11-15-11
Date

Greg Durante
Greg Durante, President of the Board of
Directors

APPROVED AS TO FORM:

11-14-11
Date

Michael Cook
Michael Cook, Counsel for El Dorado Hills Fire
Department

**CITY OF FOLSOM,
a Municipal Corporation:**

11/9/2011
Date

Evert W. Palmer 11/9/2011
Evert W. Palmer, City Manager

ORIGINAL APPROVED AS TO FORM:

11/9/11
Date

Bruce C. Cline
Bruce C. Cline, City Attorney



