

**SECURED PROPERTY TAX REVENUE EXCHANGE AGREEMENT
BY AND BETWEEN
THE COUNTY OF HUMBOLDT
AND
THE GARBERVILLE FIRE PROTECTION DISTRICT**

This Agreement, entered into this 8th day of NOV, 2022 by and between the County of Humboldt, a political subdivision of the State of California, hereafter referred to as "COUNTY," and the Garberville Fire Protection District, a political subdivision of the State of California, hereinafter referred to as "DISTRICT," is made upon the following considerations:

RECITALS

WHEREAS, 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 real property by local taxing agencies to one percent (1%) of full cash value; and

WHEREAS, following such constitutional amendment, the California Legislature added Section 99 to the California Revenue and Taxation Code which requires an exchange of property tax revenues when a jurisdictional change alters the service responsibilities of one (1) or more local agencies; and

WHEREAS, on April 9, 2019, the Humboldt County Board of Supervisors ("Board") adopted a group of strategies and expectations to enable local fire districts to utilize property tax exchange agreements with COUNTY in support of annexation/ formation/ consolidation and a commitment to service delivery in areas outside current district boundaries that included five (5) standardized Tax Exchange Agreement Offers with specific expectations that must be achieved to qualify for a tax exchange offer; and

WHEREAS, the Board received an Annexation Tax Exchange Agreement Proposal approved by DISTRICT that has been deemed by the County Administrative Officer to meet all of the expectations and commitments outlined in Tax Exchange Agreement Offer 1 of the Board adopted strategies and expectations, and Board also received an Annexation Tax Exchange Agreement, which was prepared pursuant to Tax Exchange Agreement Offer 1 and approved as to form by the County Administrative Officer and County Counsel, and both documents were approved by DISTRICT on June 8, 2022; and

WHEREAS, on June 8, 2022, DISTRICT approved Resolution Number 2022-1, "Resolution of Application by the Garberville Fire Protection District Requesting the Local Agency Formation Commission Take Proceedings for the Annexation of Garberville Fire Protection District Good Will Response Area and Land Currently Served by the Sprowel Creek Volunteer Fire Company" and filed an application on June 10, 2022, with the Humboldt Local Agency Formation Commission ("LAFCO") requesting annexation of approximately thirty six thousand two hundred and eighty (36,280) acres of real property representing DISTRICT's out of district good will fire service response area and

the response areas of the Sprowel Creek volunteer fire company; and

WHEREAS, consistent with Tax Exchange Agreement Offer 1, DISTRICT has elected to make approval of a new special tax by the registered voters within its existing boundaries and the proposed annexation area to support and improve fire protection services and administration, a condition of annexation approval; and

WHEREAS, WHEREAS, LAFCO considered the district annexation proposal as part of a noticed public hearing on July 20, 2022, and approved the proposal, waived the public protest hearing, and ordered the change of organization subject to a two-thirds majority vote in favor of the proposed special tax; and

WHEREAS, the annexation of real property will include the operational consolidation of the Garberville volunteer fire department and the Sprowel Creek volunteer fire company under the umbrella of DISTRICT; and

WHEREAS, COUNTY will continue to retain all of its service responsibilities in the annexed area despite the jurisdictional change; and

WHEREAS, COUNTY and DISTRICT agree that Tax Exchange Agreement Offer 1, as adopted by the Board on April 9, 2019, represents an appropriate approach to the sharing of real property ad valorem taxes imposed and collected as authorized by Section 99(d) of the California Revenue and Taxation Code in order to encourage fire suppression services.

NOW, THEREFORE, the parties agree as follows:

AGREEMENTS

DEFINITIONS:

Secured Property Tax Revenue. As used herein, the term "Secured Property Tax Revenue" shall mean revenue from the one percent (1%) ad valorem tax on real property that is collected from within the Annexation Area pursuant to Section 1 of Article 13A of the California Constitution, is available for allocation to DISTRICT and COUNTY, and is currently allocated to the Humboldt County General Fund.

Annexation Area. As used herein, the term "Annexation Area" shall mean the area described in Exhibit A - Garberville Fire Protection District Annexation Geographic Description, which is attached hereto and incorporated herein by reference as if set forth in full.

Annexation Date. As used herein, the term "Annexation Date" shall mean the date specified by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Sections 56000, *et seq.*) as the effective date of the Garberville Fire Protection District annexation.

EXCHANGE OF SECURED PROPERTY TAX REVENUES:

Scope of Exchange. Commencing the first fiscal year following the date the new Tax Rate Areas appear on the State Board of Equalization's Tax Rate Area Chart, the parties hereto shall exchange Secured Property Tax Revenue as follows:

DISTRICT shall receive the permanent transfer of Base Property Tax Revenues from COUNTY's share, in the amount of two hundred and one thousand four hundred and forty-six dollars (\$201,446), which is equal to seventy-five percent (75%) of DISTRICT's average tax allocation factor or eight point nine six percent (8.96%), multiplied by the one (1) percent property tax revenue for the current year within the annexation area. The property tax revenue generated within the territory subject to the jurisdictional change is estimated at two million two hundred and forty-nine thousand forty-four dollars (\$2,249,044), relating to tax rate areas 156-001, 156-006, 156-022, and 156-023, for the current year as required by Revenue and Taxation Code 99 (b), as provided by the Humboldt County Auditor- Controller.

DISTRICT shall receive one hundred percent (100%) of DISTRICT's average tax allocation factor or eleven point nine four percent (11.94%) of the Secured Property Tax Revenue attributable only to the change in base value (i.e., property tax growth), using property taxes collected in the applicable Annexation Areas during fiscal year 2024-2025 as the anticipated base year from which to calculate the change in base value, and each year thereafter.

COUNTY shall receive all of the Secured Property Tax Revenue remaining after the allocation of DISTRICT's share as set forth herein to be allocated to the Humboldt County General Fund.

Administration. This exchange of Secured Property Tax Revenue shall be memorialized in the establishment of new tax rate areas by the Board of Equalization with new tax allocation factors administered by the Humboldt County Auditor-Controller.

3. TERMINATION:

This Agreement may be terminated at any time by either party, without cause, upon thirty (30) days advance written notice to the other party. Such notice shall state the effective date of the termination.

4. NOTICES:

Any and all notices required to be given pursuant to the terms and conditions of this Agreement shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth below. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

COUNTY: Humboldt County Administrative Office
Attention: Sean Quincey, Assistant County Administrative Officer 825 Fifth Street, Room

112 Eureka, California 95501

DISTRICT: Garberville Fire Protection District
Attention: Chris Valk, Chair-Board of Directors, P.O. Box 288, Garberville, CA 95542

5. MUTUAL DEFENSE OF AGREEMENT:

If the validity of this Agreement is challenged in any legal action brought by a third party, COUNTY and DISTRICT shall jointly defend against the legal challenge, and share equally any award of costs, including, without limitation, attorney's fees and other costs of litigation, against COUNTY, DISTRICT, or both. In such cases, each party will bear their own costs and attorney's fees.

6. WAIVER OF RETROACTIVE RECOVERY:

If the validity of this Agreement is challenged in any legal action brought by either DISTRICT or any third party, DISTRICT waives any right to the retroactive recovery of any Secured 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 legal action shall be limited to a prospective invalidation of this Agreement.

7. COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND STANDARDS:

Each party hereby agrees to comply with any and all local, state and federal laws, regulations and standards applicable to the exchange of Secured Property Tax Revenues covered by this Agreement. Each party further agrees to promptly enter into negotiations concerning modification of this Agreement in the event that the amendment of any applicable local, state or federal laws, regulations or standards renders this Agreement invalid or inoperable, either in whole or in part.

8. PROVISIONS REQUIRED BYLAW:

This Agreement is subject to any additional local, state and federal restrictions, limitations or conditions that may affect the provisions, terms or funding of this Agreement. This Agreement shall be read and enforced as though all legally required provisions are included herein, and if for any reason any such provision is not included, or is not correctly stated, the parties agree to amend the pertinent section to make such insertion or correction.

9. JURISDICTION AND VENUE:

This Agreement shall be construed in accordance with the laws of the State of California. Any dispute arising hereunder, or relating hereto, shall be litigated in the State of California and venue shall lie in the County of Humboldt unless transferred by court order pursuant to California Code of Civil Procedure Sections 394 or 395.

10. MODIFICATION:

At any time after the Annexation Date, the parties hereto may renegotiate the provisions of this Agreement with respect to the current fiscal year or subsequent fiscal years. The terms and conditions set forth herein may be modified or amended only by a writing duly authorized and executed by both of the parties hereto.

11. SEVERABILITY:

If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

12. CONFLICTING TERMS OR CONDITIONS:

In the event of any conflict in the terms or conditions set forth in any other agreements in place between the parties hereto and the terms and conditions set forth in this Agreement, the terms and conditions set forth herein shall have priority.

13. INTERPRETATION:

This Agreement, as well as its individual provisions, shall be deemed to have been prepared equally by both of the parties hereto, and shall not be construed or interpreted more favorably for one (1) party on the basis that the other party prepared it.

14. INDEPENDENT CONSTRUCTION:

The titles of the sections and subsections set forth herein are inserted for convenience of reference only, and shall be disregarded in construing or interpreting any of the provisions of this Agreement.

15. ENTIRE AGREEMENT:

This Agreement contains all of the terms and conditions agreed upon by the parties hereto and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind either of the parties hereto. In addition, this Agreement shall supersede in its entirety any and all prior agreements, promises, representations, understandings and negotiations of the parties, whether oral or written, concerning the same subject matter. Any and all acts which may have already been consummated pursuant to the terms and conditions of this Agreement are hereby ratified.

16. COUNTERPART EXECUTION:

This Agreement, and any amendments hereto, may be executed in one (1) or more counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one (1) and the same agreement. This

Agreement, and any amendments hereto, may be signed by

manual or electronic signature in accordance with any and all applicable local, state and federal laws, regulations and standard, and such signature shall constitute original signature for all purposes. A signed copy of this Agreement, and any amendment hereto, transmitted by email or by other mean of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement and any amendments hereto.

17. AUTHORITY TO EXECUTE:

Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such party's obligation hereunder have been duly authorized.

[Signatures on Following Page]

IN WITNESS WHEREOF. the parties have entered into this Agreement as of the date first written above.

GARBERVILLE FIRE PROTECTION DISTRICT

By: _____
Chris Valk
Chair, Board of Directors

Date: _____

COUNTY OF HUMBOLDT

By: Virginia Bass
Virginia Bass
Chair, Humboldt County Board of Supervisors

Date: 11/8/22

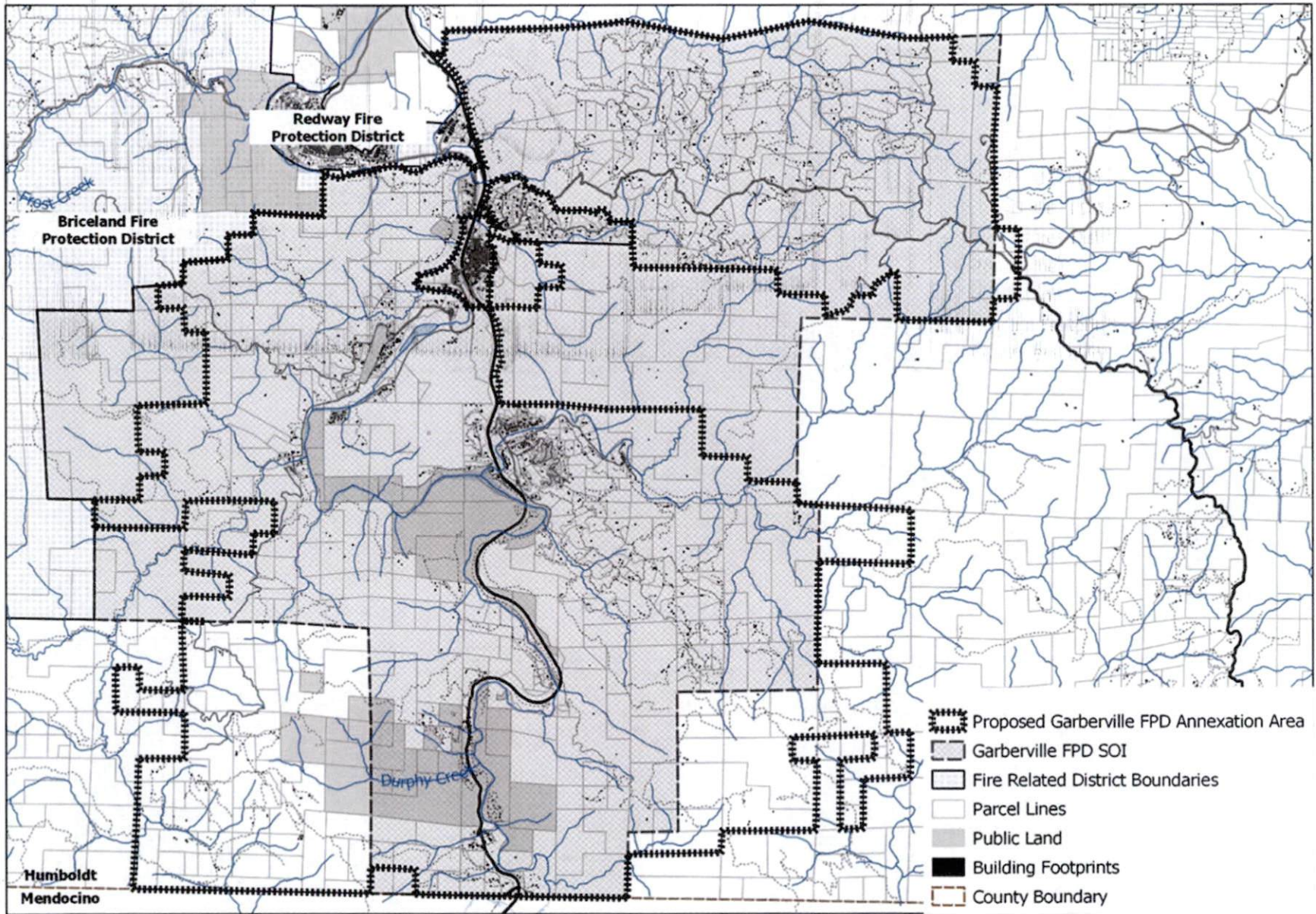


Exhibit A - Garberville Fire Protection District Annexation Description

The following Sections within Township 4 south, Range 3 east, Humboldt Base and Meridian:

- all of Sections 26, 27, 34, 35, and 36; and
- Section 12, excepting therefrom Assessor's Parcel Numbers 223-151-002 and 223-151-003, the U.S. 101 right of way, and all lands within Section 12 lying west of the east line of the U.S. 101 right of way;
- Section 13, excepting therefrom lands within the Redway Fire Protection District (FPD) and the current boundary of the Garberville FPD;
- Section 14, excepting therefrom lands north of the South Fork Eel River and located within the Redway Fire Protection District (FPD);
- Section 21, excepting therefrom the north $\frac{1}{2}$ and the north $\frac{1}{2}$ and southwest $\frac{1}{4}$ of the of the southwest $\frac{1}{4}$;
- Section 22, excepting therefrom the northwest $\frac{1}{4}$ of the northwest $\frac{1}{4}$,
- Section 23, excepting therefrom all land east of the South Fork of the Eel River which corresponds to land within the current boundary of the Garberville FPD;
- Section 24, excepting therefrom all land within the current boundary of the Garberville FPD;
- Section 25, excepting therefrom all land east of the eastern line of the U.S. 101 right of way;
- Section 28, excepting therefrom the west $\frac{1}{2}$ and the west $\frac{1}{2}$ of southeast $\frac{1}{4}$ and the southwest $\frac{1}{4}$ of the northeast $\frac{1}{4}$;
- Section 33, excepting therefrom the northwest $\frac{1}{4}$ of the southwest $\frac{1}{4}$;

The following Sections within Township 4 south, Range 4 east, Humboldt Base and Meridian:

- all of Sections 7, 8, 9, 10, 14, 15, 16, 17, 23, 31, and 32, and
- Section 11, excepting therefrom the northwest $\frac{1}{4}$, the northeast $\frac{1}{4}$, and the southeast $\frac{1}{4}$ of the northeast $\frac{1}{4}$;
- Section 18, excepting therefrom lands within the current boundary of the Garberville FPD;
- Section 19, excepting therefrom the east $\frac{1}{2}$, the north $\frac{1}{2}$ and the southeast $\frac{1}{4}$ of the northwest $\frac{1}{4}$, excluding that portion of APN 223-183-006 within Section 19, and the southeast $\frac{1}{4}$ of the southwest $\frac{1}{4}$;
- Section 20, excepting therefrom APNs 223-073-004, 223-073-005, 223-073-011, 223-191-008, 223-191-009, and 223-191-010.
- Section 21, excepting therefrom, the southwest $\frac{1}{4}$, and the west $\frac{1}{2}$ and the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$;
- Section 22, excepting therefrom APN 223-016-017;
- Section 24, excepting therefrom the east $\frac{1}{2}$, the east $\frac{1}{2}$ of the northwest $\frac{1}{4}$, the south $\frac{1}{2}$ and the and the northeast $\frac{1}{4}$ of the southwest $\frac{1}{4}$; and
- Section 33, excepting therefrom the southwest $\frac{1}{4}$ and the south $\frac{1}{2}$ of the southeast $\frac{1}{4}$.

The following Sections within Township 5 south, Range 3 east, Humboldt Base and Meridian:

- all of Sections 1, 2, 3, 9, 10, 11, 12, 13, 14, 15, 16, and those portions of Sections 21, 22, and 24 located within Humboldt County; and
- Section 4, excepting therefrom APNs 222-043-005, 222-043-007, 222-043-008, 222-

043-010, 222-043-014, and 222-043-015;

- Section 5, excepting therefrom APN 222-033-001;
- Section 8, excepting therefrom the east $\frac{1}{2}$ of the southwest $\frac{1}{4}$, and the south $\frac{1}{2}$ of the southeast $\frac{1}{4}$;
- Section 17, excepting therefrom the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$;
- Section 20 excepting therefrom the east $\frac{1}{2}$; and
- Section 23, excepting therefrom APNs 222-061-015 and 222-061-015.

The following Sections within Township 5 south, Range 4 east:

all of Sections 4, 5, 6, 7, 8, 9, 16, 17, 18, and that portion of Sections 19 located within Humboldt County, and;

- Section 3, excepting therefrom APN 223-054- 002, 223-054- 003, 223-054-004;
- Section 10, excepting therefrom the north $\frac{1}{2}$ of the north $\frac{1}{2}$ and the southeast $\frac{1}{4}$ of the northeast $\frac{1}{4}$, and the east $\frac{1}{2}$ of the southeast $\frac{1}{4}$;
- Section 15, excepting therefrom APNs 246-013-001, 246-013-002, 246-013-003, 246-013-008, and 246-013-014;
- Section 16, excepting therefrom the northeast $\frac{1}{4}$ of the northeast $\frac{1}{4}$;
- Section 20, excepting therefrom APNs 223-041-006, and 223-041-007.