

**Countywide Oversight Board
July 13, 2020**

AGENDA ITEM CONTINUATION MEMO

**TITLE: City Of Galt Successor Agency/Cosumnes
Community Services District Settlement
Agreement Calculation**

**BOARD ACTION: Continued To Meet In August With
Date To Be Determined**

MATERIAL FORWARDED

Office of the City Manager



July 13, 2020

VIA EMAIL: BoardClerk@saccounty.net

Jay Shenirer, Chair
c/ o Board Clerk
Sacramento Countywide Oversight Board
County Administration
700 H Street
Sacramento, CA 95814

**Re: Item #1 – Adopt The Sacramento County Auditor Controller
Calculation Of The City of Galt Successor Agency And
Cosumnes Community Services District Settlement Payment**

Dear Chairman Shenirer and Members of the Oversight Board:

Please accept this letter as part of the written record on the above-referenced item on behalf of the City of Galt and the Galt Successor Agency.

We respectfully ask, first, that the Oversight Board not take action on this proposed item and instead continue this item to another meeting. We are requesting a reasonable continuance to a date later this month or early next month prior to the upcoming distribution. The City's Finance Director received an email at 4:55 pm on the Friday before the holiday week (June 26) when many staff were already scheduled for vacation and the City is in the midst of dealing with the COVID-19 pandemic. In addition, the staff report hints at additional information the City and Agency have not seen, such as correspondence between the Auditor-Controller's office and the Department of Finance. The City and Agency request the opportunity to review this information and have additional time to more thoroughly analyze and provide a more in depth response and meet with the Cosumnes Community Services District ("CCSD") before the Oversight Board considers taking action. No collective discussions have taken place to date with the Auditor-Controller, the City, Agency, and CCSD.

As a preliminary response, the City and Agency question the Oversight Board's authority to direct that the Agency calculate the payment to be made to the CCSD in a particular way based upon the Auditor-Controller's interpretation of an agreement between the City, the

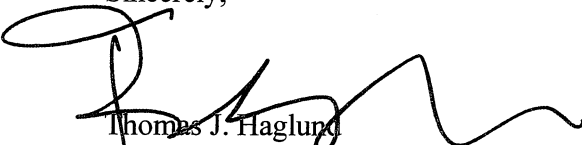
Agency, and CCSD. The Oversight Board's authority is limited to those actions specifically allocated to it, and there is nothing in the Dissolution Law that allows it to decide questions of contractual and statutory interpretation. (See Health & Safety Code, § 34181 [limiting Oversight Board's Authority to direct the Successor Agency to certain actions, none of which apply here].) The Oversight Board may determine the Agreement is not an enforceable obligation, but not how to interpret that Settlement Agreement.

The payment calculation is a matter between the parties to the Settlement Agreement to resolve, not the Auditor-Controller. Indeed, the parties engaged in discussions in 2013 regarding the calculation of the payment to CCSD post-redevelopment dissolution and resolved how to calculate the CCSD settlement payment post-dissolution, as reflected in the enclosed letter dated December 26, 2013 from the City Manager to CCSD's General Manager and further signed by CCSD's General Manager on January 3, 2014. (See Enclosure #1.) The calculation method the Agency has used, and continued to use, conforms to the understanding reached with CCSD in this letter. (See Enclosure #2.) The Oversight Board is not a court of law that may resolve contract interpretation matters – an interpretation issue that is not readily determined based upon a three page staff report even if the Oversight Board had such authority.

The Auditor-Controller's proposed action also has significant ramifications that require more careful consideration. The County's proposed calculation methodology results in higher payments to CCSD from the Galt Successor Agency, which the Agency refutes properly takes into account the provision of Section 11 and is inconsistent with the parties' own interpretation of their Agreement per Enclosure #1. Moreover, a larger payment to CCSD not only impacts the parties' agreement but the other taxing entities as it would decrease the amount of residual RPTTF distributed to the taxing agencies.

We thank you for considering our preliminary response and hope that you will consider continuing this item to allow the parties to collaboratively review all of the materials pertinent to the post-dissolution interpretation of the Settlement Agreement payment. We will have representatives at the 1:30 p.m. meeting.

Sincerely,



Thomas J. Haglund
Interim City Manager

Enclosures

1. December 26 2013 Letter from Galt to CCSD and Executed by CCSD on January 3, 2014
2. Calculation Summary

Original - Central File
c: Behrmann, Rodolph & I. Kiriu
Office of the City Manager



December 26, 2013

Mr. Jeff Ramos, General Manager
Cosumnes Community Services District
Administration Building
8820 Elk Grove Boulevard
Elk Grove, CA 95624

Re: City / RDA / District Settlement Agreement

Dear Jeff:

Thank you for meeting with me in mid-November regarding the issue of how to address additional payments to the Cosumnes CSD under the 2008 Settlement Agreement between the City, former Redevelopment Agency and the District.

I believe we are in agreement that funds distributed to the District after the ROPS obligations are fulfilled are appropriately treated as additional payments under Section 11 of the Settlement Agreement, and are a credit against Agency payments to the District under Section 3.

Your position is that the one-time distributions to the District made last year as part of the due diligence review (DDR) process should not have been treated as additional payments and should not have been credited against the Agency 2013 annual payment. The amount at issue is \$83,593.10.

The Agency desires to amicably resolve this matter with the District, especially since we have a clear understanding of how to handle additional payment in future years.

Therefore, please find enclosed a copy of a check in the amount of \$83,593.10 from the Successor Agency to the District in order to resolve the issue pertaining to the Agency 2013 annual payment. The check has been deposited into the District CIP account.

Please sign and return a copy of this letter acknowledging (1) that with the receipt of the enclosed check, the District considers all disputes regarding the Agency 2013 annual payment to be satisfactorily resolved; and further, (2) that the District agrees that in calculating future payments, the Agency may treat funds distributed to the District after the ROPS obligations are fulfilled as additional payments under Section 11 of the Settlement Agreement, and may credit such amounts against Agency payments due to the District under Section 3.

If this letter does not accurately reflect our agreement, please contact me immediately. I appreciate your courtesy and cooperation in resolving this matter.

Sincerely,

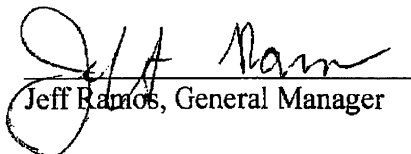


Jason Behrmann

Enclosures

cc: Steve Rudolph, City Attorney
Inez Kiri, Finance Director

The Cosumnes CSD considers all disputes regarding the Agency 2013 annual payment to be satisfactorily resolved and agrees that in calculating future payments, the Agency may treat funds distributed to the Cosumnes CSD after the ROPS obligations are fulfilled as additional payments under Section 11 of the Settlement Agreement, and may credit such amounts against Agency payments due to the District under Section 3.



Jeff Ramos, General Manager

1/3/14
Date

Tax Rate Area Code **52-074**
 (<http://www.finance.saccounty.net/Auditor>
 Controller/Pages/Tax
 AcctRpts.aspx)

Jurisdiction Used on
 Most Recent Tax Roll
 UNINCORPORATED

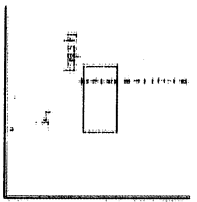
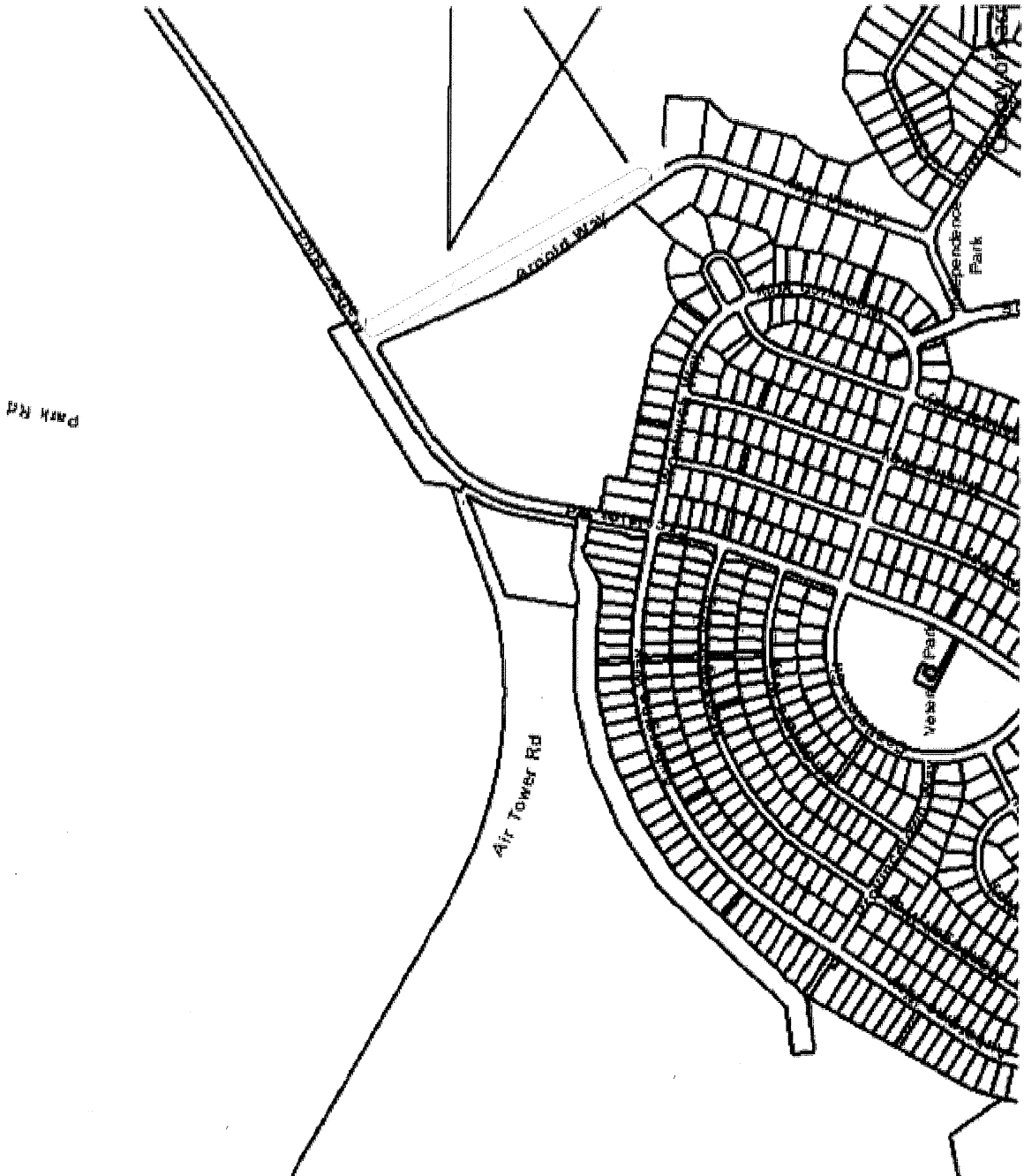
Last Roll Year 2018

ASSESSOR'S ROLL VALUES

as of September 17, 2019

Tax Roll Year	2019
Land Value	\$9
Improvement Value	\$0
Personal Property Value	\$0
Fixtures	\$0
Homeowner's Exemption	-\$0
Other Exemption	-\$0
Net Assessed Value	\$9
Property tax bill information	Link to ePropTax https://eproptax.saccounty.net/#secured/BillsSummary/06700200620000

Additional information regarding Assessor's roll values can be obtained by contacting the Assessor's Office at 916-875-0700 (tel:9168750700) or



Parcel # 06700200620000

City of Galt
CCSD Settlement Payments

	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Original Area										
Gross Tax Increment	2,813,486	2,762,933	2,426,146							
Cumulative T.I. thru FY2008-09	30,705,314									
Cumulative T.I. thru FY2009-10	33,518,800									
Amount over \$33 million	518,800									
Assessed Value \$				265,259,689	277,298,365	296,953,400	335,747,349	336,311,088	352,950,779	382,924,395
Assessed Value %				78.22%	77.44%	77.87%	78.81%	77.86%	77.22%	77.54%
Total RPTTF Received				1,703,980	1,638,808	2,226,388	1,835,243	1,833,254	1,910,454	2,016,478
Allocation AV% * RPTTF				1,332,853	1,269,093	1,733,688	1,446,355	1,427,372	1,475,253	1,563,577
District Share per County	0.200182	0.200636	0.200636	0.200636	0.200761	0.202266	0.203301	0.204031	0.205092	0.206600
District Share	103,854	554,344	486,772	267,418	254,784	350,666	294,045	291,228	302,563	323,034
Pass thru Percentage	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
Pass thru Due to CCSD	72,698.10	388,041	340,741	187,193	178,349	245,466	205,832	203,860	211,794	226,124
Amendment Area										
FY2009-10 Gross Tax Increment	3,339	7,652	1,141							
Assessed Value \$				73,867,639	80,804,387	84,387,232	90,297,667	95,605,764	104,130,031	110,946,462
Assessed Value %				21.78%	22.56%	22.13%	21.19%	22.14%	22.78%	22.46%
Total RPTTF Received				371,155	369,790	492,680	388,969	405,795	435,231	452,995
District Share per County	0.177173	0.189531	0.189531	0.186953	0.188705	0.189792	0.179599	0.199281	0.203192	0.197740
District Share	592	1,450	216	69,389	69,781	93,507	69,858	80,867	88,435	89,575
Pass thru Percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Pass thru Due to CCSD	592	1,450	216	69,389	69,781	93,507	69,858	80,867	88,435	89,575
Less CCSD Residual Payments				(105,076)	-	-	(60,624)	(95,017)	(114,817)	(67,774)
Total Paid to CCSD	73,290	389,491	340,957	151,505	248,130	338,973	215,067	189,710	185,413	247,925

Notes

FY2009-10 T.I. limited to amounts in excess of a cumulative \$33M.
 Payment in FY2011-12 fell to \$340K from previous year of \$389K due to drop in gross tax increment from \$2.7M to \$2.4M.
 FY2012-13 was first year of RPTTF and new calculation methodology. RPTTF is considerably less than Gross Tax Increment.
 Although District Share per County increased, total RPTTF received declined and so amount paid to CCSD declined.
 FY2013-14 and FY2014-15 had no residual payments to deduct.

City of Folsom
City of Galt
City of Isleton
City of Sacramento
County of Sacramento

**SACRAMENTO COUNTYWIDE
OVERSIGHT BOARD**

Oversight Board Members
La Shelle Dozier
Troy Givans
Amar Hariharan
Terri R. Laimbach
Mario Rodriquez
Tamara J. Sanchez
Jay Schenirer

**For the Agenda of: July 13, 2020
Agenda Item Number 1**

To: Sacramento Countywide Oversight Board

From: County of Sacramento Department of Finance, Auditor-Controller Division

Subject: City of Galt Successor Agency/Cosumnes Community Services District Settlement Agreement Calculation

Contact: Jeffrey A. Emslie, Senior Accounting Manager, (916) 874-8262

Background

On March 22, 2018 the County Auditor-Controller's (AUDITOR) office received a request from the City of Galt Successor Agency (GALT) to explore having the AUDITOR calculate and make the annual payment to the Cosumnes Community Services District (COSUMNES) in accordance with the November 18, 2008 settlement agreement between GALT and COSUMNES. See Attachment 1. Shortly after receiving this request, the AUDITOR's office consulted with the State of California Department of Finance and County Counsel regarding the mechanics, feasibility and legality of the AUDITOR assuming this responsibility. The AUDITOR determined that there were no barriers for the AUDITOR to annually calculate and pay the settlement amount to COSUMNES.

On July 10, 2018 the AUDITOR emailed its calculation of the settlement amount to the City of Galt's Finance Director and requested GALT's calculation to ensure that the calculations were the same or similar. On October 17, 2018 the AUDITOR received GALT's calculation which contained substantial differences from the AUDITOR's calculations. See Attachment 2 showing the calculations by AUDITOR and GALT for ROPS payment FY 2017-2018. The major discrepancy was in the interpretation of the term "tax increment" in the agreement which resulted in a difference of more than \$350,000.00 for the ROPS payment for FY 2017-2018. To assist in reconciling the differing interpretations, AUDITOR communicated with GALT via email on October 18, 2018 listing the line item differences in the calculation of the settlement amount. In response, GALT disagreed with the AUDITOR's calculations, citing Section 11 which states in part:

*...if the change in law results in additional payments to the District,
then the Agency shall receive a credit against its payments to the*

District under Section 3 for the amount of such additional payments to the District..

The AUDITOR has incorporated this section in its calculation, and therefore believes this is not a source of disagreement.

Section 2(hh) of the settlement agreement defines the term "tax increment" pursuant to Health and Safety Code Section 33670. See Attachment 3. The AUDITOR's interpretation matches this definition. Under this definition, the tax increment is calculated by comparing the current tax revenue generated in the redevelopment area (which is the current assessed value times 1%) less the base revenue or the amount of tax revenue available when the redevelopment area was established.

GALT's interpretation of "tax increment" in the settlement agreement is the tax revenue GALT actually receives from the redevelopment area. Prior to redevelopment dissolution (ABx1 26), GALT's interpretation would be the same as the AUDITOR's as the RDA would receive all of the tax increment. However, after redevelopment dissolution, the tax revenue distributed to Successor Agencies is reduced by a waterfall of deductions (administrative fees to AUDITOR, GALT administration costs, SB 2557 property tax administration fees, pass through distributions and enforceable obligations) through the Recognized Obligation Payment Schedule (ROPS) process. By including these deductions in the settlement calculation, the amount paid to COSUMNES is substantially less than the amount calculated by the AUDITOR.

In August 2019, the AUDITOR and GALT attempted to resume the discussions about the AUDITOR making the payment to COSUMNES. The AUDITOR responded that it was "open to taking over the COSUMNES payment," provided that all parties (GALT, COSUMNES and AUDITOR) agree on the interpretation of the settlement agreement. GALT responded on September 18, 2019 requesting "to put this on hold for now."

On September 30, 2019, the AUDITOR sent a letter to the City of Galt Finance Director which resulted in a face-to-face meeting at Galt City Hall on November 20, 2019. Again, the primary discrepancy was related to the interpretation of the term "tax increment."

The AUDITOR then reached out to the State of California Department of Finance (DOF) requesting their interpretation of the settlement agreement. DOF's calculation was similar to the AUDITOR's calculation indicating a like interpretation of the term "tax increment." However, DOF said it did not adjust GALT's ROPS because GALT's interpretation resulted in a lesser ROPS amount.

Discussion

The AUDITOR accepted Galt's request to calculate and make the payment to CSSD because of AUDITOR's statutory responsibility to review and correctly calculate the residual distributions to affected taxing entities. In pursuing this request, the AUDITOR discovered significant differences between GALT's and AUDITOR's interpretation of the November 18, 2008 settlement agreement. As this calculation directly affects the calculation of the residual property tax distribution to affected taxing entities, a common interpretation and calculation is essential. AUDITOR also notes that any change in payment to COSUMNES would be prospective as the settlement agreement provides that COSUMNES has four months from receipt of a payment to dispute the payment. If a notice of dispute is not given within that time, the payment is deemed final. Attachment 1, Section 3(b).

Recommendation

The Oversight Board has a fiduciary responsibility to ensure the correct distribution of property tax revenues to all affected taxing entities from all Successor Agencies in the County of Sacramento. In addition, the Oversight Board has the statutory approval authority over the ROPS process. As the amount calculated annually from the settlement agreement between GALT and COSUMNES directly affects the ROPS amounts and the resulting amounts of residual property tax revenue to affected taxing entities, we recommend that the Oversight Board approve the attached resolution directing the City of Galt Successor Agency to adopt the County Auditor-Controller's method of calculating the annual settlement amount pursuant to California Health and Safety Code Section 33670 as defined in the November 18, 2008 Settlement Agreement.

Attachment(s):

Resolution Directing the City of Galt Successor Agency to Adopt the County Auditor-Controller's Method of Calculating the Annual Settlement Amount to be Paid to the Cosumnes Community Services District

ATT 1 – Redevelopment Agency of the City of Galt and Cosumnes Community Services District Settlement Agreement dated November 18, 2008

ATT 2 – County Auditor-Controller and City of Galt Successor Agency Calculations of Annual Settlement Amounts

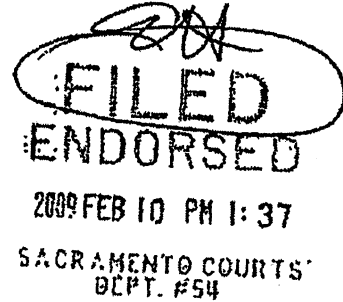
ATT 3 – Health and Safety Code Section 33670

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Attorneys for Plaintiff Cosumnes
Community Services District



IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SACRAMENTO

COSUMNES COMMUNITY SERVICES
DISTRICT, a community services district of the
State of California,

Plaintiff,

v.

ALL PERSONS INTERESTED IN THE
MATTER OF THE 2007 AMENDMENT TO
THE REDEVELOPMENT PLAN FOR THE
GALT REDEVELOPMENT PROJECT, etc.,
et al.,

Defendants.

Case No. 07AS04354

JUDGMENT PURSUANT TO
STIPULATED SETTLEMENT
[Code of Civ. Proc. § 664.6]

Action Filed: September 24, 2007
Trial Date: Not Set

The above-entitled case having been submitted by counsel for the respective parties for
decision based upon the written Settlement Agreement attached hereto, and the Court having
considered the Settlement Agreement and representations of counsel;

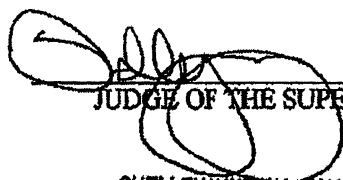
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IT IS ADJUDGED, ORDERED AND DECREED THAT:

1. The parties are hereby ordered to comply with the terms of the Settlement Agreement, dated November 18, 2008, attached hereto and incorporated herein by this reference (the "Settlement Agreement").
2. This Court retains jurisdiction for the purpose of enforcing the Settlement Agreement. This includes tolling of any applicable statute, rule, or court order affecting timely prosecution of this action, including, but not limited to, the five-year dismissal statute, California Code of Civil Procedure section 583.330.

DATED: FEB 10 2009



JUDGE OF THE SUPERIOR COURT
SHELLEYANNE W.L. CHANG

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is entered into as of November 18, 2008, and is made by and among the City of Galt, a California general law city (the "City"), the Redevelopment Agency of the City of Galt, a public body formed and existing under the California Community Redevelopment Law (the "Agency"), and the Cosumnes Community Services District, a California special district (the "District"), with reference to the following facts and purposes:

RECITALS

A. On June 7, 1983, the City Council of the City adopted the Redevelopment Plan for the Galt Redevelopment Project. The Agency is vested with the responsibility for implementing and carrying out the Redevelopment Plan in the City of Galt.

B. On July 3, 2007, the City Council of the City adopted an amendment to the Redevelopment Plan for the Galt Redevelopment Project (the "Amendment"). The Amendment, among other things, added territory to the redevelopment project area and extended certain time and fiscal limits contained in the Redevelopment Plan.

C. The District is charged with the responsibility for providing fire protection and emergency medical services to all of the citizens of Galt. The District contends that the Amendment significantly impacts the ability of the District to provide services to the citizens of Galt and to develop the capital facilities necessary to provide such services.

D. On September 24, 2007, the District filed a lawsuit seeking to invalidate the Amendment on the grounds, among others, that the City and Agency failed to proceed in the manner required by the California Community Redevelopment Law and that the Amendment is in violation of the substantive requirements of the California Community Redevelopment Law. The City and Agency contend that the Amendment and the process undertaken to adopt it are valid.

E. The City is in the process of updating its General Plan. In connection with that update, the District raised objections to various aspects of the proposed General Plan update and the environmental documentation for the General Plan update on the grounds, among others, that those documents do not adequately address public safety concerns. The District has also raised objections to aspects of and environmental documentation for certain individual development projects for which applications are currently pending with the City.

F. The City and the District have also had a dispute concerning the disposition of certain development impact fee revenue collected by the City.

G. The City, Agency and District desire to resolve their various disputes outlined in these recitals in a manner that is designed to forge a long-term cooperative working relationship among the City, Agency and District that will enhance District service in the City and will provide funding for fire protection and emergency medical services and facilities necessary to

maintain District service in the City, as well as funding for the Agency's redevelopment of the areas subject to the Redevelopment Plan for the Galt Redevelopment Project.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

Section 1 Purpose and Intent.

The purpose of this Agreement is to settle the Litigation (defined in Section 2 below) and the other current disputes of the parties identified herein. This Agreement is entered into in a spirit of cooperation and collaboration, with the goal of stabilizing funding for both the Agency and the District, so that they might work more effectively together in providing the highest possible level of fire protection and emergency medical services to the citizens of Galt. The City, Agency and District each intend and agree to work cooperatively and in good faith to implement and carry out the terms of this Agreement. Each of the City, Agency and District shall perform its obligations under this Agreement in good faith, shall deal fairly with the other parties to this Agreement, and shall not interfere with the performance of obligations under this Agreement by the other parties to this Agreement or deprive the other parties to this Agreement of the benefits under this Agreement.

Section 2 Definitions/Exhibits.

The following capitalized terms shall, for purposes of this Agreement, have the meaning set forth in this section:

(a) "2005 CFD" means the community facilities district formed by the City in 2005 to levy a special tax to fund police and fire protection services.

(b) "2009 CFD" means the community facilities district to be formed, as outlined in Section 17 below, to levy a special tax for fire protection and emergency medical services provided by the District.

(c) "2030 General Plan" means the proposed City of Galt General Plan Update: 2030; as of the Effective Date, the 2030 General Plan has not yet been adopted, but is expected to be adopted in the first quarter of 2009.

(d) "33445 Findings" means the findings that must be made by the City, Agency and District under Health and Safety Code Section 33445 to approve Agency funding pursuant to this Agreement for a building, facility, structure or other improvement.

(e) "Added Area" means the portion of the City added to the Project Area as a result of the Amendment in 2007.

(f) "Added Area Tax Increment" means the Tax Increment allocated to the Agency that is generated from property in the Added Area.

(g) "Agency" means the Redevelopment Agency of the City of Galt, a public agency formed and existing under the CRL.

(h) "Amendment" means the amendment to the Redevelopment Plan adopted on July 3, 2007, by Ordinance No. 2007-09 of the City Council of the City.

(i) "City" means the City of Galt, a California general law city.

(j) "CRL" means the Community Redevelopment Law of the State of California contained in Health and Safety Code Section 33000 *et seq.*

(k) "Deferred Fire Impact Fee Amount" means the amount of Fire Impact Fees owed by the Agency to the City, and correspondingly by the City to the District, which fees total FOUR HUNDRED NINE THOUSAND ONE HUNDRED NINETY-FOUR DOLLARS AND EIGHTY-NINE CENTS (\$409,194.89) as of June 30, 2008.

(l) "District" means the Cosumnes Community Services District, a California special district.

(m) "District CIP Account" means the separate interest-bearing bank account to be established and maintained by the Agency for the benefit of the District in accordance with Section 3 of this Agreement.

(n) "District Share" means the percentage of the property taxes generated from the Project Area that the District would have received if there were no allocation of Tax Increment from the Project Area to the Agency. The District Share shall be calculated separately for the Original Area and the Added Area. The District Share is currently approximately 19%.

(o) "Draft EIR" means the Draft Environmental Impact Report for the 2030 General Plan, State Clearing House No. 2007-0820921.

(p) "Effective Date" means the date this Agreement becomes effective which date is November 18, 2008.

(q) "Final EIR" means the Draft EIR plus changes, additions, comments, responses to comments, as may be required by law or deemed necessary or desirable by the City. As of the Effective Date, the Final EIR has not been completed.

(r) "Fire Station Radius Map" is defined in Section 21 below.

(s) "Fire Impact Fees" means current fire impact fees charged by the City pursuant to Resolution No. 89-94 adopted on September 15, 1989, for the purpose of providing funds for fire protection and emergency medical service facilities and fire impact fees charged by the City in the future.

- (t) "Fiscal Year" means the year beginning on July 1 and ending the following June 30.
- (u) "Galt Fire Impact Mitigation Fee Account" means an account established by the District exclusively for the deposit of Fire Impact Fees.
- (v) "LAFCO" means the Sacramento County Local Agency Formation Commission.
- (w) "LAIF" means the State of California Local Agency Investment Fund.
- (x) "Litigation" means the lawsuit the District filed in Sacramento County Superior Court, Case No. 07AS04354, seeking to invalidate the Amendment.
- (y) "Nexus Study" is defined in Section 19 below.
- (z) "Original Area" means the portion of the City included in the Project Area as a result of the original adoption of the Redevelopment Plan in 1983.
- (aa) "Original Area Tax Increment" means the Tax Increment allocated to the Agency that is generated from property in the Original Area.
- (bb) "Pass-Through Payments" means the payments the Agency is required to make to the District pursuant to Health and Safety Code Sections 33607.5 and 33607.7.
- (cc) "Project Area" means the territory in the City governed by the Redevelopment Plan, consisting collectively of the Original Area and the Added Area.
- (dd) "Project List" is defined in Section 4 below.
- (ee) "Redevelopment Plan" means the Redevelopment Plan for the Galt Redevelopment Project as adopted by Ordinance No. 83-10 of the City Council of the City on June 7, 1983, and amended by Ordinance No. 94-18 of the City Council of the City on December 20, 1994, amended by Ordinance No. 2003-01 of the City Council of the City on February 4, 2003, and amended by the Amendment.
- (ff) "Redevelopment Payment" means the payment made by the Agency to the District CIP Account pursuant to Section 3 of this Agreement.
- (gg) "Residential Uses" means all residential uses, including single family, duplex, triplex, up to and including multi-family units.
- (hh) "Tax Increment" means the amount of property taxes divided and allocated to the Agency pursuant to Health and Safety Code Section 33670 and the Redevelopment Plan from the Original Area and/or the Added Area.

The following exhibits are attached to this Agreement and incorporated herein by this reference:

Exhibit A — Initial Project List

Exhibit B — General Plan Policy Modifications

Exhibit C — Fire Station Radius Map

Exhibit D — Map of Fire Station 46 Parcel

Section 3

Redevelopment Payments to District.

(a) In accordance with the process described in subsection (b) of this Section 3, beginning with the 2009-2010 Fiscal Year, and continuing every Fiscal Year thereafter in which the Agency is allocated Tax Increment from the Original Area and/or the Added Area, the Agency shall deposit into a separate interest-bearing bank account to be established and maintained by the Agency for the benefit of the District (the "District CIP Account") for each such Fiscal Year an amount (the "Redevelopment Payment") equal to the sum of:

(i) Seventy percent (70%) of the District Share of the Original Area Tax Increment for that Fiscal Year; plus

(ii) One hundred percent (100%) of the District Share of the Added Area Tax Increment for that Fiscal Year.

(b) The Redevelopment Payment for each Fiscal Year shall be made within sixty (60) days following the end of the Fiscal Year to which the payment relates or at such other times as the parties may agree as to accommodate payment for District capital facilities. At the time the Agency makes a Redevelopment Payment, it shall also provide the District with a detailed explanation as to the calculation of the Redevelopment Payment. The District may dispute the amount of a Redevelopment Payment by sending the Agency written notice of the existence of the dispute and a detailed explanation of the disagreement in calculation of the Redevelopment Payment that has led to the dispute. Any such notice of dispute shall be given no later than four months after receipt of a Redevelopment Payment; if no such notice is given within that time period, the Redevelopment Payment shall be deemed final and shall not be disputed by the District. If the dispute cannot be resolved by the District and the Agency, the parties shall submit the dispute to the County of Sacramento Auditor-Controller or other mutually acceptable independent third party for resolution. The decision of the County of Sacramento Auditor-Controller or selected independent third party shall be final and binding on the parties. The Agency and District shall each pay one-half (1/2) of the costs for employing the County of Sacramento Auditor-Controller or selected independent third party to resolve the dispute.

(c) The District shall use the monies deposited in the District CIP Account only for capital improvement projects that have been approved pursuant to the process described

in Section 4 below. So long as there are approved capital improvement projects to be funded by the monies deposited in the District CIP Account, the District shall be entitled to withdraw the monies deposited in the District CIP Account at any time. At the time the District makes a withdrawal, the District shall give written notice to the Agency, indicating the date, amount and purpose of the withdrawal. If there are not sufficient funds in the District CIP Account to pay all the eligible costs of a project in the current Fiscal Year, then future Fiscal Year deposits to the District CIP Account shall be used to reimburse the District for any current year eligible project costs. The District shall cooperate with any Agency or outside entity audit of the District CIP Account.

(d) Notwithstanding the provisions of subsection (a) of this Section 3, for the 2009-2010 Fiscal Year, the Tax Increment included in calculating the Redevelopment Payment pursuant to subsection (a)(i) of this Section 3 shall include only that Original Area Tax Increment in excess of the cumulative \$33,000,000 limit on Original Area Tax Increment contained in the Redevelopment Plan prior to the Amendment.

Section 4 Process for Selection and Approval of Capital Improvement Projects

(a) The General Manager of the District shall periodically identify and provide to the Agency a list of capital improvement projects that are to be owned or leased by the District that are believed to satisfy the 33445 Findings along with an estimate of the cost of each project, the portion of the project costs estimated to be paid from the District CIP Account and the Fiscal Year or Fiscal Years in which the expenditures for the project are expected to be made (the "Project List"). An initial Project List is attached to this Agreement as Exhibit A. The General Manager of the District shall prepare an updated Project List at least once every five (5) years. Prior to preparing the updated Project List for a five-year period, staff of the District, Agency and City shall meet to discuss the capital improvement projects to be included in the Project List and the costs and timing of those projects. In planning for District capital improvement projects, the District shall make good faith and diligent efforts to maximize the projects included in the Project List, it being the intent of the parties that, to the fullest extent possible, capital improvement project costs that can be funded by the Redevelopment Payments of the Agency under this Agreement be funded with those payments.

(b) The Agency, City and District shall make good faith and diligent efforts to carry out the process required by Health and Safety Code Section 33445 and, if applicable, Health and Safety Code Section 33679 for approval of Agency funding for the capital improvement projects on the Project List. The parties acknowledge that the District will be responsible for making the 33445 Finding that there is no other reasonable means of financing the particular capital improvement project and that all other 33445 Findings shall be made by the Agency and the City. The parties further acknowledge that the District will be precluded from making the 33445 Finding for any capital improvement projects that are reasonably expected to be funded with the proceeds of the Fire Impact Fee. The Agency, City and District shall cooperate in preparing the necessary documentation in support of the 33445 Findings. Subject to other legal requirements as described in subsection (e) of this Section 4, once the Agency, City and District have made the 33445 Findings for a capital improvement project on the Project List,

that capital improvement project shall be funded with the Agency Redevelopment Payments made pursuant to Section 3 to the extent of the approval in the Section 33445 Findings.

(c) Within one hundred twenty (120) days after the Effective Date, the Agency, City and District shall take the actions necessary to approve Agency funding for the capital improvement projects identified in Part A (Current Projects) of the initial Project List (Exhibit A).

(d) The parties contemplate that some of the capital improvement projects on the Project List will be projects that serve the Project Area and the neighborhood in which it is located as well as other areas within the District and that the 33445 Findings for those projects will permit funding of only a portion of the cost of such projects. The parties understand and agree that the allocation of funding for those projects will be based on the relative benefit of the particular project to the Project Area and the neighborhood in which it is located compared with the rest of the area that the project serves. For example, if a project serves the entire District territory, the parties expect to be able to show that the Project Area and the neighborhood in which it is located will benefit from the project by a specific percentage based upon allocation factors such as population, area served and other similar factors. Similarly, if a project serves exclusively the Project Area and the neighborhood in which it is located, the parties expect that 100% of the cost and benefit of the particular project is attributable to the Project Area. In connection with making its 33445 Finding, the District shall determine, supported by substantial evidence, the percentage of Agency funding that will be applicable to a particular capital improvement project, and that determination shall be accepted by the Agency and City.

(e) The District shall be responsible for assuring compliance with the California Environmental Quality Act and other prerequisites to commitments to carrying out proposed District capital improvement projects to be funded pursuant to this Agreement. To the extent such compliance requires actions on the part of the Agency or City, the District shall provide the Agency and City with the information, reports or other data necessary to enable the Agency and City to take such actions.

Section 5 Redevelopment Payments in 2008-2009 Fiscal Year.

(a) The Agency shall make the Pass-Through Payment required to be made by the Agency to the District for Fiscal Year 2008-2009 no later than August 31, 2009, without reduction, credit or offset for any other payments provided for in this Agreement.

(b) Provided that the parties have first satisfied the 33445 Findings, by May 30, 2009, the Agency shall pay the costs of painting, installing a wrought-iron fence around, and providing any other mutually agreed upon amenities to improve Fire Station 45 located within the Project Area. The amount so paid pursuant to this subsection (b) of this Section 5 shall not exceed \$50,000. The payment under this subsection (b) of this Section 5 shall not be a credit against future Agency Redevelopment Payments pursuant to Section 3 above. The Agency and District expect that the work on Fire Station 45 will be undertaken in the 2008-2009 Fiscal Year.

Section 6 City Liability for Payments.

(a) The City and the Agency acknowledge and agree that the District may not have capital improvement needs in an amount equal to the total sum of Redevelopment Payments to be deposited by the Agency into the District CIP Account over the period of time required by this Agreement. The District agrees that it will be obligated to identify capital improvement needs at least equal to the portion of the Redevelopment Payments attributable to 70% of the District Share of the Original Area Tax Increments (the "District CIP Threshold") and that the City shall have no liability to the District under this Section 6 with respect to the Original Area Tax Increment in the event the District cannot identify capital improvement needs at least equal to the District CIP Threshold. The City agrees that, to the extent the District is unable to identify capital improvement needs to be funded by Redevelopment Payments in an amount beyond the District CIP Threshold, the City shall pay directly to the District the amount of the difference in accordance with this Section 6 (the "City Non-CIP Liability"). The maximum amount of the City Non-CIP Liability shall not exceed 100% of the District Share of the total amount of Added Area Tax Increment allocated to the Agency.

(b) The City shall have no obligation to make any payments to the District under this Section 6 until the first Fiscal Year following the first to occur of: (i) the Fiscal Year in which the limit on the total tax increment that may be allocated to the Agency from the Original Area is reached (the limit is identified in Section 12 of this Agreement); or (ii) the earlier of (aa) the Fiscal Year in which the time limit on the Agency's authority to receive tax increment from the Original Area is reached or (bb) Fiscal Year 2035-36. During the Fiscal Year in which the City's obligation to make payments commences, staff of the District, City and Agency shall meet to review the Project List, the remaining or proposed capital improvement projects to be funded by Redevelopment Payments and the then-estimated obligation of the City to pay the City Non-CIP Liability, if any. The then-estimated City Non-CIP Liability shall be amortized for payment in equal amounts over the final ten (10) Fiscal Years of the Agency's authority to receive tax increments from the Added Area (the "Amortization Payment Amount"). However, the Amortization Payment Amount shall be adjusted to reflect the actual City Non-CIP Liability which liability will depend on the actual amount of Added Area Tax Increment and the actual amount of District capital improvement needs that can be funded from the District CIP Account.

(c) During any Fiscal Year after the City's obligation to make payments commences pursuant to subsection (b) of this Section 6, if the District is unable to withdraw all or a portion of the Redevelopment Payment deposited into the District CIP Account for a Fiscal Year because all capital improvement projects to be funded by Agency Redevelopment Payments have been funded, then the City shall be liable for, and the City shall pay directly to the District, the amount of any such Redevelopment Payment or portion thereof for that Fiscal Year (the "City Payment"). In that event, the Agency shall be entitled to withdraw from the District CIP Account, as an overpayment, the amount so paid by the City for that Fiscal Year. Payments by the City pursuant to this Section 6 for a Fiscal Year shall not be required if the District has a reasonable expectation, taking into account the approved Project List and/or any other future projects contemplated by the District, that the Redevelopment Payment or portion thereof deposited into the District CIP Account for the Fiscal Year in question that cannot be

withdrawn in that Fiscal Year will be needed for future District capital improvement needs. During each of the final ten (10) Fiscal Years of the Agency's authority to receive tax increments from the Added Area, the City Payment shall be increased so that it equals the Amortization Payment Amount.

(d) The City's obligation under this Section 6 shall continue until the total amount of the City Non-CIP Liability is paid which shall be no later than the end of the Fiscal Year in which the first of the following events occur: (a) the limit on the total amount of tax increment that may be allocated to the Agency from the Added Area is reached (the limit is identified in Section 12 of this Agreement); or (b) the time limit on the Agency's authority to receive tax increment from the Added Area is reached. The City may make payments required under this Section 6 from any source available to it including but not limited to its general fund.

(e) Counsel for the parties have jointly prepared illustrative examples of the calculation of the City's possible cumulative obligation to make payments to the District under this Section 6, given various assumptions about the amounts of the Original Area Tax Increment and Added Area Tax Increment that would be allocated to the Agency over the period of time the Agency is authorized to receive said Tax Increments and the amount of District capital improvement needs over such period. Those examples are set forth in a letter dated November 4, 2008, from counsel for the City and Agency to, and accepted by, counsel for the District, and shall be considered evidence of the parties' intent and understanding regarding such calculations.

Section 7 Credit Against Pass-Through Payments.

Except as provided otherwise in Section 5 above, the payments the Agency is required to make to the District pursuant to Health and Safety Code Sections 33607.5 and 33607.7 ("Pass-Through Payments") shall be reduced by the Redevelopment Payments the Agency makes to the District pursuant to Section 3 above. If the Agency no longer has legal responsibility for making and administering Pass-Through Payments, then the Agency and District shall cooperate to assure that the entity making and administering the Pass-Through Payments implements the provisions of this Section 7.

Section 8 Capital Financing.

The Agency and District may determine that it is mutually beneficial to arrange for Agency tax allocation bond or other financing to pay for District capital improvement projects. If such financing is arranged by mutual agreement of the Agency and District, the debt service the Agency pays on that financing for a particular Fiscal Year shall be credited to the amount of the Redevelopment Payment required to be made pursuant to Section 3 above for that Fiscal Year. If the financing combines financing of District projects with other projects, only the portion of the debt service for a particular Fiscal Year allocable to District capital improvement projects (including issuance costs, reserves and other similar costs) shall be credited to the amount of the Redevelopment Payment required to be made pursuant to Section 3 above for that Fiscal Year.

Section 9 Subordination.

The Agency may request that the District subordinate the payments the Agency will make to the District pursuant to Section 3 above and/or the Pass-Through Payments to bonds or other financing issued or arranged by the Agency. The District shall not unreasonably withhold approval of such request if the Agency has presented evidence reasonably satisfactory to the District that it has sufficient Tax Increment (a) to pay the debt service on the bonds or other financing that is proposed and (b) to timely make the payments to the District pursuant to Section 3 above and/or the Pass-Through Payments. In the event that, as a result of a District-approved subordination, the Agency does not have sufficient Tax Increment to make payments to the District in the amounts and at the times set forth in Section 3 above, the City shall be liable for, and the City shall pay directly to the District, the amount of the Redevelopment Payment or portion thereof that would otherwise be deposited to the District CIP Account by the Agency. The City may make a payment required under this Section 9 from any source available to it including but not limited to its general fund.

Section 10 Debt of Agency.

The Agency's obligation to make payments to the District pursuant to Section 3 shall be an indebtedness of the Agency payable from Tax Increment, and the Agency shall include those obligations on its statement of indebtedness filed with the Sacramento County Auditor pursuant to Health and Safety Code Section 33675. Except as otherwise permitted pursuant to Section 9 above, the Agency's obligation to make payments to the District under this Agreement shall be superior to all other Agency obligations, including any Agency indebtedness to the City existing as of the Effective Date, except (i) Agency indebtedness existing as of the Effective Date to a person or entity other than the City as shown on the Agency's statement of indebtedness filed with the County pursuant to Health and Safety Code Section 33675 for the 2008-09 Fiscal Year, (ii) obligations of the Agency to make deposits into the Agency's Low and Moderate Income Housing Fund as required by the CRL, and (iii) other statutory payment obligations of the Agency under the CRL that the Agency must satisfy without regard to other existing indebtedness, for example the County fee for administering the property tax collection and allocation system. If the City makes any payment pursuant to Section 9 above, the amount so paid shall constitute an indebtedness of the Agency payable to the City from Tax Increment, to the extent permitted by law.

Section 11 Changes in State Law.

It is the intent of the parties that the Agency shall bear the risk of any changes in State law from that in existence as of the Effective Date affecting the amount of Tax Increment available to the Agency, and any such changes shall not change the Agency's obligation to make payments to the District pursuant to Section 3 above, provided, however, that if the change in law results in additional payments to the District, then the Agency shall receive a credit against its payments to the District under Section 3 for the amount of such additional payments to the District, but only to the extent that those additional payments to the District, together with the amounts paid pursuant to Section 3 and Section 6 above, cause the amount owed to exceed the amount calculated pursuant to Section 3(a) above. In the event that, as a result of a change in

State law, the Agency does not have sufficient Tax Increment to timely make payments to the District in the amounts and at the times set forth in Section 3 above, the Agency shall make the required payment as soon as it is possible for the Agency to do so, considering the superiority of the obligation of the Agency to the District, and any such delayed payment shall bear interest calculated at the LAIF rate from the date the payment was due until the date of payment.

Section 12 Tax Increment Limit.

In accordance with the Redevelopment Plan, the maximum amount of Original Area Tax Increment that may be allocated to the Agency is \$185,000,000 (prior to the Amendment, the maximum amount was \$33,000,000; the Amendment increased the maximum by an additional \$152,000,000). The Redevelopment Plan does not contain any limitation on the amount of Added Area Tax Increment that may be allocated to the Agency. In order to provide such a limitation, the Agency hereby agrees that no more than \$86,000,000 of Added Area Tax Increment shall be allocated to the Agency without the consent of the District. For the purposes of this Section 12, the law applicable to tax increment limits under Health & Safety Code Section 33333.2 shall govern the calculation as to whether the limit set forth in this Section 12 for the Added Area Tax Increment has been reached.

Section 13 Future Amendment of Plan.

The Agency shall not amend the Redevelopment Plan without the consent of the District if such amendment would affect the amount of revenue the District receives, directly or indirectly, from property taxes and such amendment would either (i) add territory to the Project Area from which the Agency would receive Tax Increment, (ii) increase the limit on the amount of Tax Increment the Agency may receive, or (iii) extend the period of time over which the Agency may receive Tax Increment. Nothing contained in this Agreement shall be deemed or construed to limit in any manner whatsoever the District's rights as an affected taxing entity in connection with any future amendment of the Redevelopment Plan.

Section 14 Special Legislation.

The District may seek enactment of special legislation that would authorize the Agency to make annual payments to the District in an amount equal to the District Share of the Tax Increment and without a requirement that the funds so paid be used for capital improvement projects meeting the 33445 Findings. If such authorizing legislation is enacted, then this Agreement shall be amended to provide for direct payments in the amounts specified in subsection (a) of Section 3 (i.e. 70% of the District Share of the Original Area Tax Increment and 100% of the District Share of the Added Area Tax Increment) and to delete subsections (c) and (d) of Section 3, Section 4, and Section 6.

If the District seeks such legislation, the Agency and City will send a letter of support for the legislation to the appropriate legislators and will contribute one half of the District's out-of-pocket lobbying expenses for the legislation, provided, however, that in no event shall the Agency and City combined contribution exceed \$25,000. The Agency and City may, but shall

not be required to, take other actions to seek the passage of such legislation, and shall not take any actions to obstruct the passage of such legislation.

Section 15 Fire Impact Fees.

The Fire Impact Fees previously held by City, in the amount of SIX HUNDRED SEVENTY FIVE THOUSAND EIGHT HUNDRED FORTY- SEVEN DOLLARS AND FIFTY- SEVEN CENTS (\$675,847.57) were transferred to the District on July 3, 2008, as reimbursement to the District for costs incurred for the purchase of new fire-fighting equipment. The District has previously provided City with verification of the costs of such fire-fighting equipment.

Section 16 2005 CFD.

(a) The City agrees that 2005 CFD funds received by the City for fire protection services shall be forwarded to the District on or about February 15th and June 15th of each year for funds received through the previous December 31st and April 30th, respectively. The District agrees to use the 2005 CFD funds in accordance with the 2005 CFD implementing documents. The annual costs of administering the 2005 CFD will be borne solely from the special tax revenues allocated for police services.

(b) 2005 CFD funds previously on deposit with City for fire protection services, in the amount of THIRTY-EIGHT THOUSAND SEVEN HUNDRED THIRTY-ONE AND TWO CENTS (\$38,731.02), have previously been forwarded to the District.

(c) After the Effective Date, the District agrees to provide City with a written report annually within sixty (60) days following the end of each Fiscal Year, detailing and describing the expenditure of 2005 CFD funds by the District during the prior Fiscal Year.

(d) After the Effective Date, discretionary land use approvals for new Residential Uses (as defined in Section 17 below) occurring within the City of Galt shall be required to form or annex to the 2009 CFD as described in Section 17 below and will not be subject to the 2005 CFD.

Section 17 2009 CFD.

(a) Subject to the provisions of subsection (d) of this Section 17, promptly following the Effective Date, the District shall commence the process for forming a new community facilities district ("2009 CFD") to levy a special tax for fire protection and suppression and emergency medical equipment, operations and services provided by the District and shall complete that process in an expeditious manner. The 2009 CFD shall be exclusively for the District and shall not be combined with any other public safety community facilities district. The City shall cooperate in good faith with and provide any requested information to the District in connection with the District's formation of the 2009 CFD. Completion of the proceedings to form the 2009 CFD may be dictated by compliance with the applicable legal requirements and the availability of an initial property owner to participate in the 2009 CFD.

(b) The amount of the special tax levied by the District shall be determined by the District based on a written report that identifies the services to be financed, determines the cost of providing fire services to new residential development within the City ("Residential Uses"), and the rate and method of apportioning the special taxes. The amount of the special tax levied on new Residential Uses that are single family residential development, including single family, duplexes and triplexes, shall be between \$150 and \$210 per unit, and the special tax levied on new Residential Uses that are multifamily residential development (four or more units) shall be between \$95 and \$138 per unit. The 2009 CFD will not impose a special tax on non-residential development. Effective July 1, 2010, and each year thereafter, the 2009 CFD special tax shall be adjusted in an amount equal to the percentage increase during the preceding year in the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose metropolitan area (CPI-U), as published by the U. S. Department of Labor, Bureau of Labor Statistics, or if this index ceases publication, an equivalent index. Notwithstanding the provisions of this Section 17, the 2009 CFD shall not be imposed on up to five hundred (500) residential units that are affordable housing units having a recorded restriction enforceable by a government agency that requires the unit to be affordable to households with incomes not exceeding eighty percent (80%) of area median income for a period of at least fifteen (15) years. The City, in its sole discretion, shall determine which qualifying affordable housing units are to be exempted from the 2009 CFD, and shall notify the District of each exempt unit prior to the issuance of a building permit for the exempt unit.

(c) The City shall require, as a condition of discretionary land use approval occurring after the Effective Date, that any Residential Use be annexed to or form the 2009 CFD or that the Residential Use be required to pay an equivalent amount for fire operations and services, provided, however, that the City shall not be obligated to require annexation in those cases where the development in question has vested rights arising prior to the Effective Date which preclude the City from requiring the annexation to the 2009 CFD, in which case the development shall be subject to the 2005 CFD. The City shall provide written notice to the District of each and every discretionary land use application that includes a Residential Use within thirty (30) days of the filing of the application.

(d) Within six months following the Effective Date, the District may request that the City form the 2009 CFD in accordance with the provisions of this Section 17, and the City agrees to commence the process promptly following written request by the District. In such event, the City agrees that 2009 CFD funds received by the City for fire protection equipment, operations and services shall be forwarded to the District on or about February 15th and June 15th of each year for funds received through the previous December 31st and April 30th, respectively. The District agrees to use the 2009 CFD funds in accordance with the 2009 CFD implementing documents. The annual City costs of administering the 2009 CFD, not to exceed 1.5% of the special tax, will be included in, and borne from, the special tax revenues. Promptly following a request therefor, the District shall reimburse the City for reasonable costs for formation of the 2009 CFD and those formation costs shall, to the extent legally allowable, be included as a cost to be paid from the special tax revenues.

Section 18 Future Fire Impact Fees.

(a) The District intends to prepare and submit to City an updated nexus report ("Nexus Study"), prepared in accordance with the provisions of the Mitigation Fee Act (Government Code §66000 *et seq.*), in support of the establishment, imposition, collection and use of updated Fire Impact Fees. The District facilities and equipment provided for in the Nexus Study shall be reasonable in light of standards of California fire departments of like size and service demands as the District.

(b) After approval of the Nexus Study and updated Fire Impact Fees by the District Board of Directors, the City Council will consider approval of the Nexus Study and the imposition of updated Fire Impact Fees in light of 2030 General Plan Policy SS-4.5 which requires all new development projects to mitigate fire protection and emergency medical service impacts. The District agrees that all Fire Impact Fees shall only be used as set forth in the Nexus Study. The District will provide an annual verification to City, on or about October 1st of each year, of the Fire Impact Fees expenditures and fee balances for the prior Fiscal Year, and shall comply with any other or additional requirements imposed by the Mitigation Fee Act.

(c) From time to time, the District may proceed to update its Nexus Study and Fire Impact Fees in accordance with the Mitigation Fee Act. After approval of the updated Nexus Study and updated Fire Impact Fees by the District Board of Directors, the City Council will consider approval of the updated Nexus Study and the imposition of updated Fire Impact Fees in light of 2030 General Plan Policy SS-4.5 which requires all new development projects to mitigate fire protection and emergency medical service.

(d) Notwithstanding any other provision of this Agreement, if City fails to approve updated Fire Impact Fees, after requested to do so by the District in writing, accompanied by a Nexus Study supporting the updated fees, the District may object to, and may file litigation challenging land use and development approvals, as set forth in Section 22 below, based on grounds of failure to fully mitigate fire impacts.

(e) Any Fire Impact Fees collected by City (including Fire Impact Fees already being charged as of the Effective Date of this Agreement) shall be forwarded to the District on or about February 15th and June 15th of each year, for funds received through December 31st and April 30th respectively, less any administrative charges and including any interest that may have accrued on such fees at the LAIF rate. The District shall deposit such funds into an account established by the District exclusively for such funds, and designated as the "Galt Fire Impact Mitigation Fee Account."

Section 19 Deferred Fire Impact Fees.

The City agrees to pay to the District the Deferred Fire Impact Fee Amount on or before May 30, 2009.

Section 20 City General Plan Update.

(a) The City has prepared a Draft EIR for the 2030 General Plan. The City anticipates that it will be preparing a Final EIR within the next several months, and upon certification of the Final EIR, City further anticipates that it will be adopting the 2030 General Plan. The District has previously expressed concerns with the Draft EIR and proposed 2030 General Plan, both orally and in writings, to City.

(b) Within ten (10) days from the Effective Date, the District shall submit a letter to City withdrawing its objections to the Draft EIR and the 2030 General Plan and indicating that all of the District's objections have been adequately addressed, subject only to the provisions of Section 21 below.

(c) Provided that the City approves the General Plan modifications set forth in Section 21, the District agrees that at no time subsequent to the execution of this Agreement will it, or its officials, employees, attorneys, consultants or agents, take any further action to oppose or challenge the Draft EIR, certification of the Final EIR or any approval or certification actions taken by the City or LAFCO with respect to the Draft EIR, Final EIR or 2030 General Plan. The District shall not knowingly assist any third parties with respect to any opposition or challenge to the Draft EIR, the Final EIR or any actions taken by the City or LAFCO with respect to the Draft EIR, Final EIR or 2030 General Plan. The foregoing shall not prevent the District from providing information it is required by law to provide to a person or entity requesting the information.

(d) After the Effective Date, except for the letter referenced in subsection (b) above, the District agrees not to comment publicly, including to the news media or at public meetings or otherwise, orally or in writing, on the Draft EIR, the Final EIR or 2030 General Plan.

Section 21 Modifications to the General Plan; Location of Fire Stations.

(a) The parties agree that adequate fire and emergency services and facilities are necessary to a strong community. The District desires to have mandatory policies that require adequate fire and emergency services. The General Plan policy amendments that the District considers necessary are described in Exhibit B. In addition, the District anticipates the need for additional fire stations within the City, and has prepared a map showing the projected location of such additional fire stations, within a one-quarter mile radius, (the "Fire Station Radius Map"). The Fire Station Radius Map is attached hereto as Exhibit C.

(b) The City will revise the 2030 General Plan to incorporate the policy text changes set forth in Exhibit B and the Fire Station Radius Map (Exhibit C), and, within four (4) months from the adoption of the 2030 General Plan, shall amend the City Zoning Code such that the location of fire stations within the area covered by the Fire Station Radius Map (Exhibit C) shall be a permitted use, and not require any discretionary permit from the City.

Section 22 Future Projects.

Except as provided in subsection (d) of Section 18 above and provided that the District is receiving Redevelopment Payments and Fire Impact Fees, as provided in this Agreement, and the City is requiring annexations to the 2009 CFD, as provided in this Agreement, then the District agrees that it will not take any action to oppose, challenge or comment on a private development project or the documentation for such project if the project is consistent with the 2030 General Plan as originally adopted, provided that the foregoing shall not prevent the District from objecting to such project for reasons related to the physical design, layout or configuration of the development project. In particular, but without limitation, based on the funding set forth in this Agreement, the District shall not oppose a private development project on the grounds that (i) it will increase the overall demand for fire service; (ii) new equipment will be required in order to provide adequate response times; or (iii) additional growth will adversely affect fire and emergency response times. The District has agreed to the provisions of this Section 22 in light of other provisions of this Agreement which provide funding for the District's operating and capital costs associated with development consistent with the 2030 General Plan. This Section 22 shall not prevent the District from objecting to any future amendment to the 2030 General Plan or to future private development projects that are consistent with the 2030 General Plan as it then exists but are not consistent with the original 2030 General Plan as adopted in 2009.

Section 23 Equipment Inventory and Notice.

(a) The District, within its annual Fire Impact Fee report to the City, shall provide an inventory of the equipment and apparatus in the fire stations located in the City.

(b) Should the District decide that any apparatus, vehicles, units or equipment purchased with Fire Impact Fees are no longer needed by the District, then the District shall notify City in writing thirty (30) days prior to disposing of such equipment.

Section 24 City Fire Department.

In the event that the City elects to provide its own fire protection services and this decision is approved by LAFCO so that the District is no longer the primary service provider of fire or emergency services within the City, any unencumbered funds remaining in the Galt Fire Impact Mitigation Fee Account shall be promptly remitted to the City by the District when City takes over fire services, as part of the transfer of fire service obligations. Nothing in this Agreement shall limit LAFCO's discretion in setting appropriate terms and conditions, including allocation of equipment, apparatus and debt.

Section 25 District Use of Fire Impact Fees.

The District may utilize funds deposited into the Galt Fire Impact Mitigation Fee Account to pay for up to 80% of the costs of capital expenditures. This methodology will remain in effect only until such time as Sacramento County has adopted a commensurate updated Fire Impact Fee within the boundaries of the former Galt Fire Protection District, also commonly referred to as the "Galt Area," after which time, the District, in its discretion, may utilize the

funds in the Galt Fire Impact Mitigation Fee Account to pay for up to 100% of the costs of capital expenditures, if such expenditure is consistent with the Nexus Study or otherwise consistent with law. The District shall make all reasonable efforts to encourage Sacramento County to adopt an updated Fire Impact Fee that provides for a fair share contribution by new development outside of the City limits but within the Galt Area. The City will support the efforts of the District in this regard.

Section 26 Waiver and Release.

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the District hereby releases City from any and all claims, demands, obligations, damages, debts, liabilities, costs, expenses, accounts, actions and causes of action of every kind and nature relating to the imposition, collection, waiver, deferral, disbursement, transfer or use of Fire Impact Fees prior to the Effective Date, whether now known or unknown, suspected or unsuspected, which the District now has, asserts or holds, or which the District may hereafter have, assert or hold. This provision shall survive the termination of this Agreement.

The District acknowledges its awareness of Section 1542 of the Civil Code of the State of California, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him must have materially affected his settlement with the debtor.”

In giving the release in this Section 26, the District hereby waives and relinquishes any right or benefit which it has or which it may have under Section 1542 of the Civil Code of the State of California.

Section 27 Title to Fire Station 46.

Promptly following the Effective Date, the City and District shall cooperate to create a legal parcel and obtain a legal description of the property on which Fire Station 46 is located. Once the parcel has been created and the legal description obtained, the City shall convey fee simple title to such parcel to the District by grant deed but subject to a right of reverter giving the City the right to revert and re-vest title to the property in the City if the District ceases to use it for fire protection and related purposes. The attached Exhibit D shows the approximate size, shape and location of the Fire Station 46 parcel to be conveyed.

Section 28 Entry of Judgment; Continuing Court Jurisdiction.

Each party shall bear its own costs, expenses and attorneys' fees with respect to the Litigation. Concurrently with the execution of this Agreement, the parties shall execute a Stipulated Judgment providing for the entry of judgment validating the Amendment pursuant to the terms of this Agreement. The Superior Court of the County of Sacramento, State of

California, shall have continuing jurisdiction to ensure the enforcement of the judgment entered pursuant to the terms of this Agreement.

Section 29 Third Party Claims.

If a third party files any litigation seeking to invalidate this Agreement, the parties shall cooperate in defending the Agreement. Each party shall pay its own costs, expenses and attorneys' fees in such litigation. If the litigation results in a judgment invalidating the Agreement, the parties shall negotiate in good faith for a new agreement that would reflect the parties' intent but would not be invalid. If no such new agreement can be agreed to by the parties, the parties shall to the extent possible with respect to the Litigation be returned to the status quo ante prior to the execution of this Agreement, preserving all claims and defenses each had prior to entering into this Agreement. If the District chooses to refile the complaint it previously filed in the Litigation, it shall do so within six (6) months following the entry of final judgment invalidating this Agreement. If filed within that period, the Agency and City shall not raise any defense to the timelines of the filing of the complaint.

Section 30 Joint Press Releases.

The parties shall jointly announce the terms of this Agreement and will jointly prepare and approve press releases regarding the approval of this Agreement settling the Litigation and other disputes between them.

Section 31 Miscellaneous.

- (a) This Agreement shall be governed by California law.
- (b) If any provision of this Agreement is determined to be invalid in a final judgment of a court of competent jurisdiction, then the remainder of the provisions of this Agreement shall remain in full force and effect.
- (c) This Agreement and attached exhibits constitute the entire understanding and agreement of the parties with respect to the subject matters of this Agreement.
- (d) This Agreement may be executed in counterparts. This Agreement also may be executed in multiple originals, each of which shall be deemed an original.
- (e) Any notice or communication given under this Agreement shall be given by personal delivery, reputable overnight delivery service or certified U.S. Mail, return receipt requested, addressed as follows:

AGENCY OR CITY:

City of Galt - City Hall
380 Civic Drive
Galt, CA 95632
Attention: City Manager

DISTRICT:

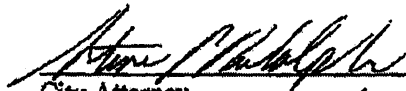
Cosumnes Community Services District
8820 Elk Grove Blvd.
Elk Grove, CA 95624
Attention: General Manager

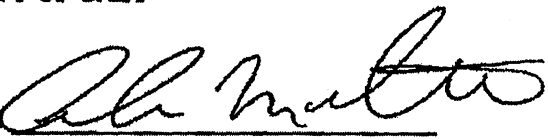
(f) Each party hereby represents and warrants to the other parties that the person executing this Agreement on behalf of the party is duly authorized to execute this Agreement on their behalf.

WHEREFORE, the parties have executed this Agreement on or as of the date first above written.

APPROVED AS TO FORM

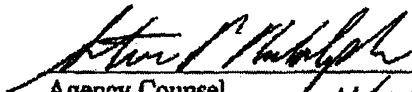
CITY OF GALT


City Attorney *11/18/08*

By: 
Andrew Meredith, Mayor

APPROVED AS TO FORM

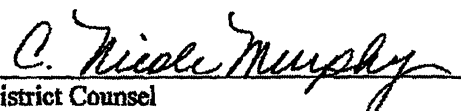
REDEVELOPMENT AGENCY OF THE
CITY OF GALT


Agency Counsel *11/18/08*

By: 
Ted Anderson, Executive Director

APPROVED AS TO FORM

COSUMNES COMMUNITY SERVICES
DISTRICT


District Counsel

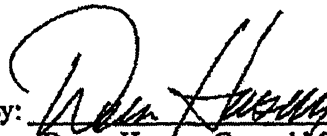
By: 
Donna Hansen, General Manager

EXHIBIT A

INITIAL PROJECT LIST

Project/Description	Total Payments	Approximate Galt RDA Share*	Fiscal Year Of Expenditure
Part A, Current Projects:			
Training Facility Land --			
Land purchase for initial phase of fire Department Training Facility	\$ 740,239	\$ 222,072	2008/2009- 2028/2029
Training Facility --			
Construction of initial phase of fire Department Training Facility	\$ 282,892	\$ 84,868	2008/2009- 2013/2014
Replacement of Grass Rig and Water Tender for Fire Station 45	\$ 596,524	\$ 596,524	2008/2009- 2011/2012
Fleet Maintenance Facility --			
Expansion of fleet maintenance facility to accommodate new apparatus due to merger with Galt and District expansion	\$ 17,852,339	\$ 5,355,702	2008/2009- 2028/2029
Sub-Total Part A	\$ 19,471,994	\$ 6,259,166	
Part B, Future Projects:			
Training Center/Education Bldg --			
Two-story permanent education building for the current training facility	\$ 12,205,500	\$ 3,661,650	To Be Determined
Training Center/Education Bldg Land --			
Land purchase for new building	\$ 763,184	\$ 228,955	2008/2009- 2023/2024

Project/Description	Total Payments	Approximate Galt RDA Share*	Fiscal Year Of Expenditure
Logistics/CSD Maintenance Facility --			
Metal building to house the Fire Department Logistics Unit	\$ 3,330,400	\$ 999,120	To Be Determined
Emergency Vehicle Operations Course --			
Course will increase the driving skills and capabilities of emergency responders	\$ 6,877,740	\$ 2,063,322	To Be Determined
Administration Building --			
New administration building to house CSD Administration, Fire and Parks and Recreation Department Administration	\$ 12,205,750	\$ 3,661,725	To Be Determined
Administration Building Land --			
Land for new administration building	\$ 500,000	\$ 150,000	To Be Determined
Future Galt Fire Apparatus Replacement --			
Replacement of current fire apparatus within Fire Stations 45 and 46	\$ 4,000,000	\$ 4,000,000	To Be Determined
Sub-Total Part B	\$ 39,882,574	\$ 14,764,772	
TOTAL	\$ 59,354,568	\$ 21,023,938	

* Galt RDA share is approximately 30% based on percentage of square miles of the City of Galt compared to entire CSD District and the number of calls for service within the City of Galt. Fire apparatus replacement within Fire Stations 45 and 46 is allocated at 100%.

EXHIBIT B

GENERAL PLAN POLICY MODIFICATIONS

Policies

Policy PFS 2.12: Retain "shall" in the policy:

The City shall ensure adequate water pressure throughout the urban area for fire protection purposes.

Policy PFS 7.1: Change "should" to "shall"

The City shall continue to support the Cosumnes Community Services District Fire Department for fire protection and emergency medical services capable of meeting the needs of the community based on the benefit received. In addition, the City shall work with the Cosumnes Community Services District regarding the necessary public fire facilities, equipment, and operational costs for the provision of fire prevention, fire protection, and emergency medical services to Galt residents.

Policy PFS 7.3: Retain "shall" in the policy

The City shall comply with the provisions of the California Fire Code (Title 24, Part 9).

Policy PFS 7.5: Change "should" to "shall"

The City shall coordinate the design and installation of traffic control and traffic calming measures to minimize impacts on the emergency vehicle response. Traffic signals shall be equipped with electronics to permit emergency vehicles to override the traffic signals to expedite emergency response.

Policy SS - 4.1: Change "should" to "shall"

The city shall assist, if necessary, the Cosumnes Community Services District Fire Department in the correction of the California Fire Code violations identified during the inspections of the existing buildings.

Policy SS - 4.2: Change "should" to "shall"

The City shall assist, if necessary, the Cosumnes Community Services District Fire Department in their efforts to ensure that existing new buildings used for public assemblage comply with State codes and local ordinances for fire protection.

Policy SS – 4.3: Change “should” to “shall”

The City shall not grant variances for width of public street frontage unless the applicant for such variances demonstrates that sufficient access for fire vehicles is available, consistent with the Fire Code as amended, or demonstrates that a unique hardship exists under applicable regulations due to the physical characteristics of the parcel(s).

Policy SS – 4.4: Change “should” to “shall”

The City shall approve developments only if sufficient water supply and emergency vehicles access are available at the time combustible materials are brought on the construction site.

Policy SS – 4.5: Change “should” to “shall”

The City shall require all development projects to mitigate fire protection and emergency medical service impacts associated with capital facilities and equipment, including personnel.

Policy SS – 4.6: Change “should” to “shall”

The City shall require sprinkler systems in all new commercial, office, public, and industrial construction, in accordance with City ordinances. The City shall continue to encourage fire sprinklers in all new residences.

Policy SS – 5.1: Change “should” to “shall”

The City shall require that all fuel and chemical storage tanks are sufficiently constructed and include spill containment areas to prevent seismic damage, leakage, fire, and explosion, and are structurally or spatially separated from sensitive land uses such as residential neighborhoods, schools, hospitals and places of public assembly.

Policy SS – 5.4: Change “should” to “shall”

The City shall coordinate efforts with Sacramento County to plan emergency evacuation routes in the event that the Rancho Seco Nuclear Generation Station becomes an active nuclear facility in the future. In addition, the City and the District shall continue to discuss water storage needs to provide sufficient stored water to meet the needs in the event of conflagrations.

Exhibit "D" - FIRE STATION 46 PARCEL

Station 46



Marshall Linn

From: Campion, Curt [ccampion@ci.galt.ca.us]
Sent: Monday, April 06, 2009 3:59 PM
To: Marshall Linn
Subject: FW: TI calculations.
Attachments: CSDvGaltJudgment.pdf

Marshall, I tried to call you but I got a recorded message saying no one was available to answer the phone. After you get this if you could call me and I will fill the blanks as needed. I am forwarding you a copy of the settlement agreement between the city and CCSD. I will also forward the most recent information from Inez on the amount of total TI collected towards our original cap of 33 million. I would like to have your firm do a couple of things related to this. First, provide a revised calculation as to when we reach the original cap as we will start payments to the CCSD at that point on the original area [see section 3 of the Agreement]. Also we will need to calculate the payment to the CCSD for the added territory, both are to be done within 60 days of the end of FY09-10 [Section 3 again]. Because of the Agreement we will also need to recalculate the pass thru payments to affected agencies. Please give me call to discuss timing, costs and any questions you may have. Thanks

Curt Campion

Community Development Director
City of Galt Community Development Dept.
495 Industrial Drive - Galt, CA 95632
Phone (209) 366-7230 - Fax (209) - 744-1642

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From: Behrmann, Jason
Sent: Monday, April 06, 2009 3:02 PM
To: Campion, Curt
Subject: FW: Update re Entry of Stipulated Judgment

Jason Behrmann
Assistant City Manager
City of Galt
Ph:209-366-7100
Fax:209-745-4601
www.ci.galt.ca.us

From: Rudolph, Steven [mailto:srudolph@meyersnave.com]
Sent: Wednesday, March 18, 2009 12:30 PM
To: Behrmann, Jason
Cc: Campion, Curt; Aguire, Elizabeth
Subject: FW: Update re Entry of Stipulated Judgment

Believe it or not, we just received a copy of the signed settlement agreement with the CCSD today. For your

4/6/2009

records.....

Steven P. Rudolph
Attorney at Law
MEYERS NAVE
555 Capitol Mall, Suite 1200
Sacramento, CA 95814
Phone: 916.556.1531
Fax: 916.556.1516
srudolph@meyersnave.com
www.meyersnave.com

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From: C. Nicole Murphy [mailto:cnm@murphyassociatespc.com]
Sent: Wednesday, March 18, 2009 11:31 AM
To: James T. Diamond; Rudolph, Steven
Cc: Donna Hansen; Konni S. Stalica
Subject: Re: Update re Entry of Stipulated Judgment

Enclosed is a copy of the signed judgment – it was filed February 10, 2009, and we were not advised. I will make sure that the MSC and trial dates are vacated, if that has not already been done.

Nicki

C. Nicole Murphy
Murphy & Associates PC
Attorneys At Law
2150 River Plaza Drive, Suite 290
Sacramento, CA 95833
Phone: (916) 925-2520, ext. 13
Fax: (916) 925-2522
Email: cnm@murphyassociatespc.com

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From: "James T. Diamond" <JDiamond@goldfarbblipman.com>
Date: Mon, 16 Mar 2009 10:56:20 -0700
To: "C. Nicole Murphy" <cnm@murphyassociatespc.com>, "Steven P. Rudolph" <srudolph@meyersnave.com>
Cc: Donna Hansen <DonnaHansen@yourcsd.com>, "Konni S. Stalica" <KStalica@goldfarbblipman.com>
Conversation: Update re Entry of Stipulated Judgment
Subject: RE: Update re Entry of Stipulated Judgment

Thanks, Nicki.

James Diamond

4/6/2009

Goldfarb & Lipman LLP
1300 Clay Street, 9th Floor
Oakland, CA 94612
(510) 836-6336
(510) 836-1035 (fax)

From: C. Nicole Murphy [mailto:cnm@murphyassociatespc.com]
Sent: Monday, March 16, 2009 10:47 AM
To: James T. Diamond; Steven P. Rudolph
Cc: Donna Hansen; Konni S. Stalica
Subject: Re: Update re Entry of Stipulated Judgment

Nothing yet -- I'll check with the court again today.

Nicki

C. Nicole Murphy
Murphy & Associates PC
Attorneys At Law
2150 River Plaza Drive, Suite 290
Sacramento, CA 95833
Phone: (916) 925-2520, ext. 13
Fax: (916) 925-2522
Email: cnm@murphyassociatespc.com

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From: "James T. Diamond" <JDiamond@goldfarblipman.com>
Date: Mon, 16 Mar 2009 10:34:05 -0700
To: "C. Nicole Murphy" <cnmurphy@murphyassociatespc.com>, "Steven P. Rudolph" <srudolph@meyersnave.com>
Cc: Donna Hansen <DonnaHansen@yourcsd.com>, "Konni S. Stalica" <KStalica@goldfarblipman.com>
Conversation: Update re Entry of Stipulated Judgment
Subject: RE: Update re Entry of Stipulated Judgment

Hi Nicki,

Any news? Thanks.

Jim

James Diamond
Goldfarb & Lipman LLP
1300 Clay Street, 9th Floor
Oakland, CA 94612
(510) 836-6336
(510) 836-1035 (fax)

From: C. Nicole Murphy [mailto:cnmurphy@murphyassociatespc.com]
Sent: Thursday, February 05, 2009 3:10 PM
To: Steven P. Rudolph; James T. Diamond
Cc: Donna Hansen
Subject: Update re Entry of Stipulated Judgment

I made another call today to the clerk of Dept. 54 -- her mantra is "2-3 weeks." She suggested (nicely) that I wait until March to make my next call to her.... I'll keep you posted.

C. Nicole Murphy
Murphy & Associates PC
2150 River Plaza Drive, Suite 290
Sacramento, CA 95833
Phone: (916) 925-2520, ext. 13
Fax: (916) 925-2522
Email: cnmurphy@murphyassociatespc.com

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GOLDFARB LIPMAN LLP

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4/6/2009



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GOLDFARB LIPMAN LLP

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This e-mail is only for addressee may contain information that is privileged, confidential exempt from disclosure under applicable law. If you are not the intended recipient, or responsible for delivering this to the intended recipient, please note that dissemination, distribution or copying is strictly prohibited. If you received this in error, please notify sender by replying, or phoning sender at 510-836-6336.

4/6/2009

ATTACHMENT- 2

SACRAMENTO COUNTY
 DEPARTMENT OF FINANCE
 AUDITOR-CONTROLLER DIVISION
 Comparison of CCSD Settlement Calculation
 FY2017-18

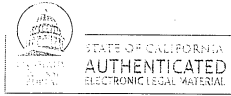
GALT SUCCESSOR AGENCY		COUNTY AUDITOR CONTROLLER	
ORIGINAL AREA	ADDED TERRITORY	ORIGINAL AREA	ADDED TERRITORY
TOTAL		TOTAL	
RDA Enforceable Obligations + Admin (ROPS 17-18A & 17-18B)			
	1,910,454		3,772,714
RDA Allocation (AV % x Total RPTTF Distribution)	1,475,223	3,714,890	57,825
CCSD FY2017-18 AB1290 Factor	20.51%	20.51%	20.32%
CCSD Share of the Tax Increment	302,556	761,895	11,750
CCSD Share per Settlement	70%	70%	100%
CCSD Settlement Amount (Initial)	211,789.54	533,326	11,750
Less: Residual Payment Received by CCSD FY2017-18 (per Section 11)	(114,817)		
CCSD Settlement Amount	185,408		545,076

FY2017-18 Tax Increment (Tax Revenue in Excess of Base Revenue)

CCSD FY2017-18 AB1290 Factor
 CCSD Share of the Tax Increment

CCSD Share per Settlement
 CCSD Settlement Amount (Initial)

CCSD Settlement Amount



State of California

HEALTH AND SAFETY CODE

Section 33670

33670. Any redevelopment plan may contain a provision that taxes, if any, levied upon taxable property in a redevelopment project each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation (hereinafter sometimes called "taxing agencies") after the effective date of the ordinance approving the redevelopment plan, shall be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the redevelopment project as shown upon the assessment roll used in connection with the taxation of that property by the taxing agency, last equalized prior to the effective date of the ordinance, shall be allocated to and when collected shall be paid to the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or agencies which did not include the territory in a redevelopment project on the effective date of the ordinance but to which that territory has been annexed or otherwise included after that effective date, the assessment roll of the county last equalized on the effective date of the ordinance shall be used in determining the assessed valuation of the taxable property in the project on the effective date); and

(b) Except as provided in subdivision (e) or in Section 33492.15, that portion of the levied taxes each year in excess of that amount shall be allocated to and when collected shall be paid into a special fund of the redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the redevelopment agency to finance or refinance, in whole or in part, the redevelopment project. Unless and until the total assessed valuation of the taxable property in a redevelopment project exceeds the total assessed value of the taxable property in that project as shown by the last equalized assessment roll referred to in subdivision (a), all of the taxes levied and collected upon the taxable property in the redevelopment project shall be paid to the respective taxing agencies. When the loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the redevelopment project shall be paid to the respective taxing agencies as taxes on all other property are paid.

(c) In any redevelopment project in which taxes have been divided pursuant to this section prior to 1968, located within any county with total assessed valuation subject to general property taxes for the 1967-68 fiscal year between two billion dollars (\$2,000,000,000) and two billion one hundred million dollars (\$2,100,000,000),

if the total assessed valuation of taxable property within the redevelopment project for the 1967–68 fiscal year was reduced, the total sum of the assessed value of taxable property used as the basis for apportionment of taxes under subdivision (a) shall be reduced by 10 percent for the 1968–69 fiscal year and fiscal years thereafter.

(d) For the purposes of this section, taxes shall not include taxes from the supplemental assessment roll levied pursuant to Chapter 3.5 (commencing with Section 75) of Part 0.5 of Division 1 of the Revenue and Taxation Code for the 1983–84 fiscal year.

(e) That portion of the taxes in excess of the amount identified in subdivision (a) which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property shall be allocated to, and when collected shall be paid into, the fund of that taxing agency. This subdivision shall only apply to taxes levied to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989.

(Amended by Stats. 1993, Ch. 944, Sec. 5. Effective October 8, 1993. See provisions for inoperation in subd. (a) of Section 34189.)

RESOLUTION NO. 2020-

ADOPTED BY THE SACRAMENTO COUNTYWIDE OVERSIGHT BOARD

**DIRECTING THE CITY OF GALT SUCCESSOR AGENCY TO ADOPT THE
COUNTY AUDITOR-CONTROLLER'S METHOD OF CALCULATING THE
ANNUAL SETTLEMENT AMOUNT TO BE PAID TO THE COSUMNES
COMMUNITY SERVICES DISTRICT**

WHEREAS, on November 18, 2008 the Redevelopment Agency of the City of Galt and the Cosumnes Community Services District entered into a Settlement Agreement to resolve litigation between the parties; and,

WHEREAS, provisions of the Settlement Agreement directed the Redevelopment Agency of the City of Galt to annually calculate and distribute the settlement amount to be paid to the Cosumnes Community Services District within 60 days following the end of the fiscal year to which the payment relates; and,

WHEREAS, provisions of the Settlement Agreement specify the calculation of the annual settlement amount and include the definition of the term "Tax Increment" which is used in the calculation of the settlement amount; and,

WHEREAS, Section 2(hh) of the Settlement Agreement defines the term "Tax Increment" pursuant to California Health and Safety Code Section 33670; and,

WHEREAS, on June 15, 2011 the California Legislature passed and on June 28, 2011 the Governor signed bill number ABX1 26 which dissolved all redevelopment agencies and designated that successor agencies be established to administer property tax funds allocated to them and to expeditiously wind down the affairs of the dissolved redevelopment agencies; and,

WHEREAS, the City of Galt elected to become the successor agency for the Redevelopment Agency of the City of Galt on January 17, 2012; and,

WHEREAS, the City of Galt Successor Agency assumed the responsibility to annually calculate and distribute the settlement amount to be paid to the Cosumnes Community Services District; and,

WHEREAS, on March 22, 2018 the City of Galt Successor Agency requested that the Sacramento County Auditor-Controller assume the responsibility to calculate and distribute the settlement amount in accordance with the November 18, 2008 Settlement Agreement between the Redevelopment Agency of the City of Galt and the Cosumnes Community Services District; and,

WHEREAS, the County Auditor-Controller's calculation of the tax increment settlement payment differed from the City of Galt Successor Agency's calculation; and,

WHEREAS, extensive efforts to resolve the discrepancy between the County Auditor-Controller and the City of Galt Successor Agency calculation of the annual settlement amount were unsuccessful; and,

WHEREAS, the annual settlement amount directly affects the amount of property tax revenue distributed to affected taxing entities; and,

NOW, THEREFORE, BE IT RESOLVED that the Sacramento Countywide Oversight Board of Sacramento, State of California, hereby directs the City of Galt Successor Agency to adopt the Auditor-Controller's method of calculating the annual settlement amount as defined in the November 18, 2008 Settlement Agreement between the Redevelopment Agency of the City of Galt and the Cosumnes Community Services District which includes the definition of the term "Tax Increment" pursuant to California Health and Safety Code Section 33670.

On a motion by Member _____, seconded by Member _____ the foregoing Resolution was passed and adopted by the Sacramento County Oversight Board this 13th day of July 2020, by the following vote, to wit:

AYES: Directors,

NOES: Directors,

ABSENT: Directors,

ABSTAIN: Directors,

RECUSAL: Directors,
(PER POLITICAL REFORM ACT (§ 18702.5.))

Chairperson, Sacramento Countywide
Oversight Board

ATTEST:

Clerk, Sacramento Countywide
Oversight Board

No Board Action Memo

COUNTYWIDE OVERSIGHT BOARD

Meeting Date: Thursday, July 13, 2020

Subject: Comments From The Agency Staff

Board Action: No comments were made.

COUNTYWIDE OVERSIGHT BOARD

MEETING DATE:

THURSDAY, JULY 13, 2020

Subject: Comments From The Agency Staff

**NO MATERIAL AVAILABLE
AT THE TIME OF AGENDA PREPARATION**

No Board Action Memo

COUNTYWIDE OVERSIGHT BOARD

Meeting Date: Thursday, July 13, 2020

Subject: Comments From The Board Member

Board Action: No comments were made.

COUNTYWIDE OVERSIGHT BOARD

MEETING DATE:

THURSDAY, JULY 13, 2020

Subject: Comments From The Board Member

**NO MATERIAL AVAILABLE
AT THE TIME OF AGENDA PREPARATION**

No Board Action Memo

COUNTYWIDE OVERSIGHT BOARD

Meeting Date: Thursday, July 13, 2020

Subject: Comments From The Public

Board Action: No public comments were made.

COUNTYWIDE OVERSIGHT BOARD

MEETING DATE:

THURSDAY, JULY 13, 2020

Subject: Comments From The Public

**NO MATERIAL AVAILABLE
AT THE TIME OF AGENDA PREPARATION**