

RESOLUTION NO. 24-093

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF MENDOCINO APPROVING THE MENDOCINO COUNTY MASTER TAX SHARING AGREEMENT AMONG MENDOCINO COUNTY AND THE CITIES OF UKIAH, WILLITS, FORT BRAGG AND POINT ARENA

WHEREAS, Mendocino County ("County") collects Real Property Tax Revenue within its jurisdiction; and

WHEREAS, the California Department of Tax and Fee Administration, formerly part of the State Board of Equalization, administers the Statewide general tax on the retail sale or use of merchandise or goods within the State (the "Bradley-Burns Sales Tax"); and

WHEREAS, the California Department of Tax and Fee Administration collects the 1% Bradley-Burns Sales Tax on behalf of cities and counties in the State and distributes the revenue to those local governments; and

WHEREAS, each Party levies a transient occupancy tax on those territories within its jurisdiction; provided, however, that the County does not levy a separate transient occupancy tax in areas within a City's jurisdiction; and

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the "CKH Act") governs changes in organization which changes in organization may need to be approved by the Mendocino LAFCo, and other local agencies; and

WHEREAS, the cities of Ukiah, Willits, Fort Bragg and Point Arena (collectively, "the Cities") anticipate changes in organization within the County, such as Annexations to the Cities, and desire to plan for the orderly and financially viable transition of public services; and

WHEREAS, the County and the Cities intend the attached Agreement to provide an equitable approach to distributing certain identified tax revenues in anticipation of changes in organization; and

WHEREAS, recognizing that the residents of the Cities are also residents of the County, the County and the Cities acknowledge their shared responsibility to provide adequate services to their shared residents and recognize the importance of the County's and the Cities' services and that those services complement each other for the benefit of their residents; and

WHEREAS, the Parties recognize the importance of maintaining adequate service levels throughout the County and within the Cities to provide for the health, safety, and welfare of the residents of the County and the Cities. The Parties intend, given the mutual economic and other benefits that flow from annexations to the Cities, to cooperate as provided for in the attached Agreement to address the respective City's and the County's fiscal considerations in providing such services and their respective present and future economic and planning needs; and

WHEREAS, for certain changes of organizations, such as annexations, Revenue and Taxation ("R&T") Code Section 99 requires an agreement of the City and the County to a property tax revenue exchange and to provide a resolution of approval of the same by each legislative body to Mendocino LAFCo prior to consideration of the change of organization; and

WHEREAS, the County and the Cities have negotiated a master property tax exchange agreement, pursuant to Revenue and Taxation Code section 99(d), that is intended to satisfy the requirements of Revenue and Taxation Code section 99 for future changes of organization as specified in the agreement; and

WHEREAS, while not required by R&T Code Section 99, the Parties acknowledge that this Agreement also provides for the exchange of Bradley-Burns Sales Tax and transient occupancy tax which the Parties agree to accept in accordance with the Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Mendocino County Board of Supervisors as follows:

SECTION 1. The Board hereby approves the Mendocino County Master Tax Sharing Agreement ("the Agreement"), a true and correct, but unsigned, copy of which is attached hereto as Attachment 1.

SECTION 2. The Board of Supervisors authorizes the Board Chair to sign the Agreement on behalf of the County of Mendocino.

SECTION 3. Pursuant to the terms of the Agreement the County agrees to accept the exchange of property tax revenue in accordance with the Agreement.

The foregoing Resolution introduced by Supervisor Williams, seconded by Supervisor McGourty, and carried this 5th day of June, 2024, by the following vote:

AYES: Supervisors McGourty, Mulheren, Gjerde and Williams
NOES: Supervisor Haschak
ABSENT: None

WHEREUPON, the Chair declared said Resolution adopted and SO ORDERED.

ATTEST: DARCIE ANTLE
Clerk of the Board

MAUREEN MULHEREN, Chair
Mendocino County Board of Supervisors

Deputy

I hereby certify that according to the provisions of Government Code Section 25103, delivery of this document has been made.

APPROVED AS TO FORM:
JAMES R. ROSS
Interim County Counsel

BY: DARCIE ANTLE
Clerk of the Board

Deputy

**MENDOCINO COUNTY
MASTER TAX SHARING AGREEMENT**

THIS MASTER TAX SHARING AGREEMENT (this “Agreement”) is entered by and between the **County of Mendocino**, a subdivision of the State of California (the “County”), the **City of Fort Bragg** (“Fort Bragg”), the **City of Point Arena** (“Point Arena”), the **City of Ukiah** (“Ukiah”), and the **City of Willits** (“Willits”) (the Cities shall be collectively referred to herein as the “Cities”), each City being a California municipal corporation, as of the date it is executed on behalf of the last of the Parties to do so (the “Effective Date”). The Cities, each of them, and the County may sometimes be referred to herein individually as a “Party” or collectively as the “Parties” to this Agreement.

RECITALS

WHEREAS, the County collects Real Property Tax Revenue within its jurisdiction; and

WHEREAS, the California Department of Tax and Fee Administration, formerly part of the State Board of Equalization, administers the State-wide general tax on the retail sale or use of merchandise or goods with the State (the “Bradley-Burns Sales Tax”); and

WHEREAS, the California Department of Tax and Fee Administration collects the 1% Bradley-Burns Sales Tax on behalf of cities and counties in the State and distributes the revenue to those local governments; and

WHEREAS, each Party levies a transient occupancy tax on those territories within its jurisdiction; *provided*, however, that the County does not levy a separate transient occupancy tax in areas within a City’s jurisdiction; and

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the “CKH Act”) governs changes in organization, including annexations such as those contemplated in this Agreement, and which changes in organization may need to be approved by the Mendocino LAFCo, and other local agencies; and

WHEREAS, the Parties anticipate changes in organization within the County, such as Annexations to the Cities, and desire to plan for the orderly and financially-viable transition of public services; and

WHEREAS, the Parties intend this Agreement to provide an equitable approach to distributing certain identified tax revenues in anticipation of changes in organization; and

WHEREAS, recognizing that the residents of the Cities are also residents of the County, the Parties acknowledge their shared responsibility to provide adequate services to their shared residents and recognize the importance of the County’s and the Cities’ services and that those services complement each other for the benefit of their residents; and

WHEREAS, the Parties recognize the importance of maintaining adequate service levels throughout the County and within the Cities to provide for the health, safety, and welfare of the residents of the County and the Cities. The Parties intend, given the mutual economic and other benefits that flow from annexations to the Cities, to cooperate as provided for in this Agreement to address the respective City’s and the County’s fiscal considerations in providing such services

and their respective present and future economic and planning needs; and

WHEREAS, for certain changes of organizations, such as annexations, Revenue and Taxation Code section 99 requires an agreement of the city and the county to a property tax revenue exchange and to provide a resolution of approval of the same by each legislative body to Mendocino LAFCo prior to consideration of the change of organization; and

WHEREAS, the Parties intend this Agreement to satisfy the requirements of Revenue and Taxation Code section 99; and

WHEREAS, initiatives like the California Business Roundtable's AG#21-0042A1 Initiative threaten local funding measures and may limit or restrict the ability to overlay local transaction and use taxes of an annexing entity to newly annexed territory.

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

1. Incorporation of Recitals.

The above Recitals are true and correct and are hereby incorporated into this Agreement.

2. Definitions.

The following terms as used in this Agreement shall have the following meanings:

“Annexation(s)” shall have the meaning set out in Government Code section 56017 or its successor, and any reorganization that includes an annexation.

“Annexed Area(s)” shall mean territory or territories which have been approved for annexation by Mendocino LAFCo.

“Annexation Effective Date” shall mean the date of the particular annexation, as may be specified in Mendocino LAFCo's terms and conditions or by Government Code section 57202; *provided*, however, that such date falls after the Effective Date.

“Annexor City” shall mean a City Party that is planning, pursuing, or has completed an Annexation.

“Annexed Tax Rate Area” (“ATRA” or “ATRA’s”) shall mean any separate Tax Rate Area created for territory annexed after the Effective Date.

“Change of Organization” shall mean the definition provided for in the CKH Act at, as of the Effective Date, Government Code section 56021 and shall also include a “reorganization” as defined in Government Code section 56073.

The “Designated Fort Bragg Area” shall mean that territory described in the attached Exhibit A.

The “Designated Ukiah Area” shall mean that territory described in the attached Exhibit B.

“Fiscal Year” shall mean July 1st through June 30th of the following year.

The “Fort Bragg Balance Area” shall mean that territory described in the attached Exhibit A.

“Distribution” shall mean the allocation and provision of tax revenue from one Party to another Party as provided for in this Agreement in order to satisfy the requirements of Revenue and Taxation Code section 99.

“Mendocino LAFCo” shall mean the Mendocino County Local Agency Formation Commission.

“Property Tax Revenue” shall mean revenues derived from ad valorem taxes on real property and from other categories of secured and unsecured property taxes including and not necessarily limited to those described in the County’s annual distribution as Current Secured General, Current Unsecured General, Prior Secured General, Prior Unsecured General, SB 813 Supplemental General, Highway Property Rental, and HOPTR General.

“Sales Tax Revenue” shall only mean those taxes collected in accordance with Bradley-Burns.

“State Action” shall mean any legislative, judicial, and/ or voter-approved initiative action that limits a City’s ability to apply a City-approved transaction and use tax to an Annexed Area.

“Tax Rate Area” (“TRA” or “TRAs”) shall mean those base tax revenue and/or incremental tax revenues available from an identified area.

“Transient Occupancy Tax Revenue” (“TOT Revenue”) shall mean any tax lawfully imposed as an incident of short-term transient occupancy and excludes any revenue collected as the result of a City-specific tax measure that is greater than that collected by the County.

The “Ukiah Balance Area” shall mean that territory described in the attached Exhibit B.

3. Tax Distributions for Annexations.

a. Scope. As provided for in this Agreement and in no way expanding the provisions in subparagraph 3(b) to apply to any City other than Fort Bragg and Ukiah, the tax collection and distribution provisions in this Agreement shall apply to territory annexed to a Party as of the respective Annexation Effective Date. Prior to adopting a resolution of application to initiate a Change of Organization that includes an Annexation, the respective City shall meet with the County to consult on the proposed Change of Organization. During this consultation, the respective City shall provide to the County a map of the territory, a list of the APNs of the affected territory, and, if the City is subject to Paragraph 3(b), evidence that the proposal is Balanced. The date of this transmittal shall be referred to in this Agreement as the “Change of Organization Proposal Date”.

b. Balanced Annexations. This subparagraph 3(b) shall apply only to the Cities of Fort Bragg and Ukiah. A proposal to annex territory within the respective Designated Area of Fort Bragg or Ukiah must be “Balanced” in accordance with this Paragraph 3. Balanced Annexation(s) of such territory shall be referred to in this Agreement as a “Balanced Annexation(s)”.

i. The Parties shall presume that an Annexation of territory is a Balanced Annexation if Annexation of territory within a Designated Area is attended by annexing at least 98% of the same amount of territory of the respective Annexor City’s Balance Area; *provided*, however, that Annexation of territory within a Balance Area on or after the Effective Date that was not used for balancing purposes in the prior annexation shall be credited toward the presumption of a Balanced Annexation.

ii. The Parties acknowledge that Mendocino LAFCo has the authority, and may, in the course of its review of the Change of Organization alter the boundaries of the proposed Change of Organization in a manner that causes the Annexation to no longer be a Balanced Annexation, in which case the County can request an additional 30 day negotiating period, and, in that event, a new property tax exchange agreement would have to be negotiated pursuant to Revenue and Taxation Code section 99(b)(7) or the Mendocino LAFCo proceeding would terminate.

c. The Parties will, in accordance with law, take good faith and reasonable steps to implement the Agreement as soon as is feasible. Any dispute between the Parties regarding this subparagraph 3(c) shall be resolved in accordance with the dispute resolution process set forth in Paragraphs 5 and 12.

4. Tax Revenue Collection and Distribution.

Only the following taxes and tax collection and distribution provisions shall apply, as appropriate and described in this Paragraph 4, as of the relevant Annexation Effective Date. This Agreement shall not be construed to require an allocation of taxes to a City which are designated for a County service, such as the County library, over which the respective City shall not be assuming responsibility; nor shall this Agreement be construed to expand or reduce the categories of Property Tax Revenue distributed to a City as reflected in the County’s distribution of said revenues as of the Effective Date of this Agreement.

a. Property Tax Revenue Collection and Distribution. As of the relevant Annexation Effective Date, the County shall distribute to the Annexor City the County’s general fund property tax revenue (County Auditor’s Fund Code A0001) generated in the annexation area as follows:

i. Half of the County’s portion of the “annual tax increment” (as defined in Revenue and Taxation Code section 96.5 as of the Effective Date) that does not exceed 2% of the property tax revenue in the prior year from the annexation area.

ii. All of the County’s portion of the “annual tax increment” that exceeds 2% of the property tax revenue in the prior year from the annexation area, until the total property tax revenue received by the Annexor City equals 15% of the total property tax revenue generated in the annexation area.

- iii. Once the total property tax revenue received by the Annexor City equals 15% of the total property tax generated in the annexation area, no additional portion of the County's "annual tax increment" shall be distributed to the Annexor City. In other words, the City's "property tax apportionment factor" (as calculated pursuant to Revenue and Taxation Code section 96.2 as of the Effective Date) in the annexation area shall not exceed 15%.
- b. Bradley-Burns Sales Tax Revenue Collection and Distribution. As of the relevant Annexation Effective Date, the Annexor City shall collect all Bradley-Burns Sales Tax in the ATRA (the "ATRA Bradley-Burns Revenue") and shall distribute to the County a share of the ATRA Bradley-Burns Revenue in accordance with this subparagraph (b).
- i. From the Annexation Effective Date until the start of the first full Fiscal Year immediately following the Annexation Effective Date, the Annexor City shall distribute to the County 100% of the ATRA Bradley-Burns Revenue.
- ii. Thereafter, for each subsequent full Fiscal Year, the amount of ATRA Bradley-Burns Revenue the Annexor City distributes to the County in accordance with this Agreement shall be reduced by 1/15 (one-fifteenth) which the Parties agree shall be rounded to 6.667%. Therefore, for the first full Fiscal Year, the Annexor City shall distribute 93.333% of the ATRA Bradley-Burns Revenue to the County; for the second full year, the Annexor City shall distribute 86.666% of the ATRA Bradley-Burns Revenue to the County; for the third full year, the Annexor City shall distribute 79.999% of the ATRA Bradley-Burns Revenue to the County; and so forth, reducing each subsequent year by 6.667%, until, as of the start of the fifteenth (15th) full Fiscal Year following the Annexation Effective Date, the Annexor City shall no longer distribute ATRA Bradley-Burns Revenue to the County.
- iii. For any Distribution under this subparagraph (b), the Annexor City shall distribute the ATRA Bradley-Burns Revenue to the County within thirty (30) days of the Annexor City receiving the ATRA Bradley-Burns Revenue from the California Department of Tax and Fee Administration.
- c. Transient Occupancy Tax Revenue Collection and Distribution. As of the relevant Annexation Effective Date, the Transient Occupancy Tax in the ATRA shall be the rate of the Annexor City. The Annexor City shall collect the Transient Occupancy Tax in the ATRA (the "ATRA TOT Revenue") and shall distribute to the County a share of the ATRA TOT Revenue in accordance with this subparagraph (c).
- i. From the Annexation Effective Date until the start of the first full Fiscal Year immediately following the Annexation Effective Date, the Annexor City shall distribute to the County 100% of the ATRA TOT Revenue.
- ii. Thereafter, for each subsequent full Fiscal Year, the amount of ATRA TOT Revenue the Annexor City distributes to the County in accordance with this Agreement shall be reduced by 1/5 (one-fifth) or 20%. Therefore, for the first full Fiscal Year, the Annexor City shall distribute 80% of the ATRA TOT Revenue to the County; for the second full Fiscal Year, the Annexor City shall distribute 60% of the ATRA TOT Revenue to the County; for the third full Fiscal Year, the Annexor City

shall distribute 40% of the ATRA TOT Revenue to the County; and for the fourth full Fiscal Year, the Annexor City shall distribute 20% of the ATRA TOT Revenue to the County. As of the start of the fifth full Fiscal Year following the Annexation Effective Date, the Annexor City shall no longer distribute ATRA TOT Revenue to the County.

iii. For any Distribution under this subparagraph (c), the Annexor City shall distribute ATRA TOT Revenue to the County within thirty (30) days of the Annexor City collecting the ATRA TOT Revenue.

5. Reconciliation of Tax Revenue Collection and Distribution.

Upon the request of a Party to meet with another Party regarding the collection and Distribution of taxes between them in accordance with this Agreement, the respective Parties shall make all reasonable efforts to meet within thirty (30) days of such a request.

6. Modification of Sales Tax Revenue Distribution Due to State Action.

Should State Action be taken that limits a City's ability to automatically apply a City-approved transaction and use tax to an Annexed Area, the affected Parties shall promptly meet and negotiate in good faith to amend this Agreement to address the resulting financial impacts in accordance with Paragraph 12, to include the Core Principles.

7. Regional Housing Needs Plan Allocation.

a. The Parties agree: a) the County's Regional Housing Needs Plan (the "RHNP") allocation was based on its unincorporated lands; b) subsequent Annexation(s) may limit the County's ability to satisfy its obligations under the Housing Element Law; and c) the RHNP allocation should be adjusted to reflect the impact of an Annexation on the County's obligations under the Housing Element Law. Therefore, the Parties agree, in the event that the relevant City or a non-party proposes to annex a specific territory, the relevant Parties will work together in good faith to attempt to reach a mutually acceptable agreement to transfer a portion of the County's allocation to the relevant City.

b. The following general principles shall be used as a framework to reach such an agreement:

i. Where a City Annexation includes undeveloped territory that the relevant City's general plan and rezoning proposes for residential development, a portion of the County's Regional Housing Needs Allocation ("RHNA") shall be transferred to the City in an amount equal to potential residential units, including accessory dwelling units ("ADU's"). This transfer shall be calculated by using the City's rezoning for each legal parcel. Should the territory include an approved subdivision, units will be transferred as identified on the approved tentative map or project description. If such transferred number of units is fewer than the number of units such territory is designated for in the County General Plan or in the Residential Sites Inventory of the County's Housing Element, the relevant City and the County shall negotiate in good faith the amount to be transferred.

- ii. Where a City Annexation includes developed territory that the relevant City designates and prezones for residential purposes, a portion of the County's RHNA would be transferred to the relevant City in an amount equal to the unrealized units on underutilized properties for that area; *provided*, however, that such transfer shall not include ADUs or existing mobile home parks. This transfer shall be calculated by using the relevant City's prezone for each legal parcel. If such transferred number of units is fewer than the number of units such territory is designated for in the County General Plan or in the Residential Sites Inventory of the county's Housing Element, the relevant City and the County shall negotiate in good faith the amount to be transferred.
- iii. Where a City Annexation includes territory that the relevant City's general plan and prezone proposes for commercial or industrial purposes, no adjustment of the RHNP shall be required, unless the proposed Annexation includes commercial territories on the Residential Sites Inventory of the County's Housing Element, in which case an amount equal to the identified residential units would be transferred to the relevant City.
- c. The income-level of transferred units shall be negotiated in good faith per the existing MCOG Annexation policy and State law. The Parties acknowledge that meeting the need in the lower income category requires higher residential densities and proximity to services, that an Annexation may result in the loss of lands that would otherwise be available to the County to meet the lower income obligations, and that such losses are an important factor in the good faith negotiations.
- d. Should a City seek to annex unincorporated territory for the purposes of open-space, agriculture or public facilities, no adjustment of the RHNP shall be required, unless any portion of the territory is designated for residential development in the County's Residential Sites Inventory of the county's Housing Element, in which case the parties shall negotiate a transfer in good faith.
- e. If the County has already fulfilled its RHNA obligations for the current Housing Element Cycle, no modification of the RHNP allocation shall be required.

8. Other Agreements Affecting Rights and Obligations of This Agreement.

Notwithstanding anything in this Agreement to the contrary, this Agreement does not preclude one or more of the Parties from entering separate agreements regarding particular Annexations; *provided*, however, that nothing in any separate agreement shall affect the rights and obligations of those Parties not party to that separate agreement. To the extent terms in any such separate agreement are found to be in direct conflict with a term(s) in this Agreement as it relates to a Party which is not a party to the separate agreement, the term(s) in this Agreement shall control over those in the separate agreement.

9. Term of this Agreement.

This Agreement shall remain in effect for an initial term of twenty (20) years as of the Effective Date and shall then and thereafter have a rolling extension that automatically renews this Agreement every year for an additional five (5) years.

10. Withdrawal; Termination.

a. A Party may only withdraw from this Agreement with a July 1st effective date (the “Withdrawal Date”) and on no less than five (5) years’ notice to all other Parties in accordance with Paragraph 13. Such withdrawing Party shall perform all obligations under this Agreement until the Withdrawal Date. A withdrawing Party shall remain obligated to perform the obligations in this Agreement, including financial obligations, arising before the Withdrawal Date, even after the Withdrawal Date.

b. This Agreement may only be terminated either: a) by written notice by the County of termination to the other Parties; or b) by unanimous written agreement of all Parties to this Agreement (either of which shall be referred to herein as “Notice of Termination”); *provided*, however, that, unless otherwise agreed to in writing, any termination may only take effect as of July 1st and no sooner than five (5) years after the Notice of Termination (the “Termination Date”). Upon Notice of Termination, the Parties shall remain obligated to perform the obligations in this Agreement, including financial obligations, arising before the Termination Date, even after the Termination Date.

11. Amendment; Related Tax-Sharing Agreements.

a. Any amendment to this Agreement shall be negotiated in good faith and in accordance with the following Core Principles:

1. Simplicity: any amendment should be understandable, not unreasonably complicated, and readily-implemented and verified.
2. Mutual benefit through economic growth.
3. Maintain normal revenue sources for the respective Party: for example, the majority of property taxes should continue to go to the County and Bradley Burns Sales Tax Revenue should go to the respective City.
4. Protect funding for County-wide services and relieve ongoing service costs.
5. Provide the respective City with appropriate financial resources to meet assumed municipal service costs.

b. Any amendment to this Agreement must be approved in writing by unanimous consent of all Parties; *provided*, however, that any amendment to this Agreement which affects only certain Parties (a “Related Tax Sharing Agreement”) may be agreed to by only those certain Parties so long as such Related Tax Sharing Agreement is in writing and notice is provided to the other Parties to this Agreement.

12. Dispute Resolution.

a. If, at any time during the term of this Agreement, any dispute arises between or among the Parties regarding the interpretation or implementation of this Agreement, including an alleged breach of this Agreement, the Parties will, in the first instance, attempt in good faith to meet to discuss and informally resolve the dispute through designated representatives. The Parties must give written notice of the existence and subject of a dispute (“notice of dispute”), which notice shall commence the dispute resolution process of this Agreement.

b. If, within thirty (30) days of service of a notice of dispute, unless extended by mutual agreement of the respective Parties, the respective Parties have not resolved the dispute through informal mediation, , the matter shall be submitted to the Judicial Arbitration and Mediation Service (JAMS), or an equivalent mediation service, or a mutually agreeable mediator, for formal mediation by a single mediator who should have technical or legal expertise or experience with public financing, taxation, and local government agencies. The mediator will be selected by unanimous consent of the respective Parties, but if unanimous consent cannot be obtained, the mediator will be selected at random from a list of mediators to be provided by the respective Parties.

c. Any Party may commence formal mediation by providing to the mediator and the other Parties a written request for mediation, setting forth the subject of the dispute and the relief requested. If the formal mediation process has not concluded or has not resolved the dispute within sixty (60) days of a written request for mediation, the mediation process will be deemed completed, unless the Parties extend the sixty-day period in writing.

d. If the dispute is not resolved by informal or formal mediation, each Party will be free to pursue whatever legal or equitable remedies may be available. No Party shall be permitted to file a legal action without first complying with the requirements of this Paragraph. This provision shall not waive or otherwise affect the applicable provisions of law governing claims against a public entity or the applicable statutes of limitation.

e. The fees and expenses incurred as a result of any dispute resolution activities, including attorney fees, mediator fees and costs, expert costs, and other expenses, shall be borne solely by the Parties involved in the dispute and participating in the mediation. The Parties involved in the dispute will share the mediator's expenses on an equal basis. Should a dispute go to trial before a court of competent authority and jurisdiction, the prevailing party in such court proceeding shall be entitled to recover their reasonable attorney fees and costs; *provided*, however, that such attorney fees and costs shall not include fees and costs associated with efforts preceding the court proceeding.

13. Notices.

Whenever notice or other communication is permitted or required by this Agreement, it shall be deemed given: (i) when personally delivered; or (ii) when received, if delivered by overnight courier or email (if email receipt is acknowledged in writing); or (iii) forty-eight (48) hours after it is deposited in the United States mail with proper first-class postage affixed thereto and addressed as follows:

To County:

County of Mendocino
Attn: Board Chair and Chief Executive Officer
501 Low Gap Road
Ukiah, CA 95482
Email: ceo@mendocinocounty.gov

To City of Fort Bragg:

City of Fort Bragg
Attn: Mayor and City Manager
416 N. Franklin Street
Fort Bragg, CA 95437

Email: iwhippy@fortbragg.com

To City of Point Arena:

City of Point Arena
Attn: Mayor and City Manager
451 School Street
Point Arena, CA 95468
Email: cm@pointarena.ca.gov

To City of Ukiah

City of Ukiah
Attn: Mayor and City Manager
300 Seminary Avenue
Ukiah, CA 95482
Email: cmoffice@cityofukiah.com

To City of Willits

City of Willits
Attn: Mayor and City Manager
111 E. Commercial Street
Willits, CA 95490
Email: dpederson@cityofwillits.org

14. No Third-Party Beneficiary Rights.

This Agreement is only for the benefit of the Parties and shall not be construed as or deemed to operate as an agreement for the benefit of any third party or parties, and no third party or party shall have any right of action or obtain any right to benefits or position of any kind by reason of this Agreement.

15. Assignment; Delegation.

No Party shall assign, sublet, or transfer any interest in this Agreement or any duty hereunder without written consent of the other Parties, and no assignment shall be of any force or effect whatsoever unless and until the other Parties shall have so consented.

16. Hold Harmless; Indemnity.

To the fullest extent permitted by law, each of the Parties (the "Indemnifying Party") agrees to save, indemnify, defend and hold harmless each other Party and its officers, agents and employees ("Indemnified Parties") from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses, or costs of any kind, whether actual, alleged or threatened, including attorney fees and costs, court costs, interest, defense costs, and expert witness fees, which arise out of, or are in any way attributable in whole or in part to, negligent or intentionally wrongful acts or omissions of an Indemnifying Party or its employees except such losses to the extent caused by the negligence or intentionally wrongful act of an Indemnified Party.

17. Entire Agreement; Counterparts.

This Agreement, including its exhibits and any attachments, is intended both as the final expression of the Agreement among the Parties with respect to the included terms and as a

complete and exclusive statement of the terms of the Agreement. This Agreement may be transmitted electronically and executed in counterparts, each such executed electronic copy shall be admissible for any purpose and in any judicial or administrative proceeding as evidence of the agreement between the Parties. Signatures may be exchanged by emailed pdf or other electronic form with the same force as original signatures.

18. Agreement Controlling; Exhibits.

In the event of a conflict between the text of this Agreement and any attachment to it, the text shall prevail. All exhibits to which reference is made are incorporated into this Agreement as though fully set forth at length, whether or not actually attached.

19. Construction.

This Agreement shall not be construed against any Party in the event of an ambiguity. The transactions contemplated in this Agreement have been negotiated at arms-length, between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. Accordingly, any rule of law or legal decision that requires interpretation of ambiguities against the Party who has drafted it is inapplicable and waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effectuate the intent and purposes of the Parties to this Agreement as if they had been jointly drafted by the Parties. The headings and sub-headings in this Agreement are intended solely to assist the reader and are in no way intended to create binding terms between the Parties.

20. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

21. Severability.

Should any part, term, portion, or provision of this Agreement or the application thereof to any person or circumstances be in conflict with any State or Federal law, or otherwise be rendered unenforceable or ineffectual, including by amendment or repeal of a statute, the validity of the remaining parts, terms, portions or provisions, or the application thereof to other persons or circumstances shall be deemed severable and shall not be affected thereby, unless the remaining portions of the Agreement no longer provide for an equitable approach to distributing certain identified tax revenues or unless the Agreement cannot be construed in substance to continue to constitute the Agreement that the Parties intended to enter into in the first instance.

22. Warranty of Legal Authority.

The Parties' Legislative Bodies have each authorized execution of this Agreement, as evidenced by the signatures below. Those who sign below warrant for the benefit of the Parties for which they do not sign that they have actual authority to execute this Agreement and to bind to it the Party for which they sign.

IN WITNESSS THEREOF, the Parties have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized as of the Effective Date.

COUNTY OF MENDOCINO

Date: _____

By: _____
Maureen Mulheren, Chair of the Board of
Supervisors

Approved to Form:

County Counsel

Attest:

_____, County Clerk

CITY OF FORT BRAGG

Date: _____

By: _____
_____, Mayor

Approved to Form:

City Attorney

Attest:

_____, City Clerk

CITY OF POINT ARENA

Date: _____

By: _____
_____, Mayor

Approved to Form:

City Attorney

Attest:

_____, City Clerk

CITY OF UKIAH

Date: _____

By: _____
_____, Mayor

Approved to Form:

City Attorney

Attest:

Kristine Lawler, City Clerk

CITY OF WILLITS

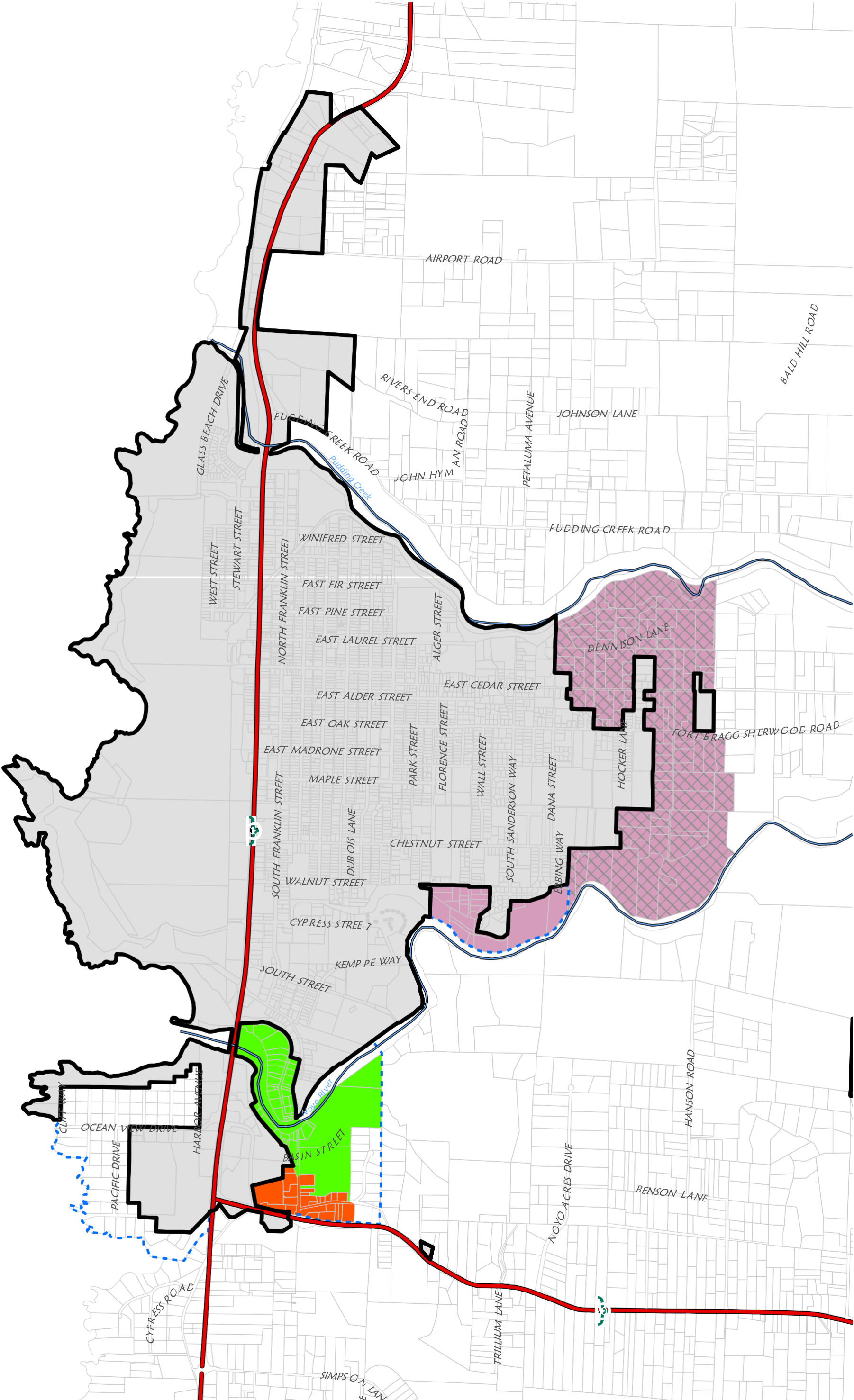
By: _____
_____, Mayor

Approved to Form:

City Attorney

Attest:

_____, City Clerk



Major Rivers

Highways

Municipal Improvement District

Municipal Improvement District SOI

Fort Bragg Designated Area

Fort Bragg Balance Area

City of Fort Bragg SOI

City Limits

CITY OF FORT BRAGG

MASTER TAX SHARE AGREEMENT

07501,500 Feet

00.150.3 Miles

EXHIBIT A

1:18,000

