

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING, ("MOU") is made and entered into at Tahoe City, Placer County, California, on the ____ day of March, 2012, by and between the TAHOE CITY PUBLIC UTILITY DISTRICT, a body politic, and governmental entity ("TCPUD"), COUNTY OF PLACER, a political subdivision of the State of California ("COUNTY"), TRUCKEE TAHOE AIRPORT DISTRICT, a body politic, and governmental entity ("TTAD"), and the NORTH LAKE TAHOE RESORT ASSOCIATION, a California nonprofit public benefit corporation ("NLTRA"). TCPUD, COUNTY, TTAD and NLTRA may be referred to herein individually as "PARTY" or jointly as "PARTIES" as the context requires. This MOU is intended to set forth each PARTY's expectations and goals but is not intended to be, nor is it, a legally binding document.

RECITALS

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- A. WHEREAS, the owners of the real property commonly known as Tahoe City Golf Course, and more specifically described as: Placer County APNs: 094-050-03, 094-540-11, 094-540-12, 094-020-06 and 094-060-016, desire to sell such property, certain personal property used in conjunction with the operation of the real property as a golf course, clubhouse and restaurant facilities and the liquor license currently used at the restaurant on the real property ("PROPERTY").
 - B. WHEREAS, TCPUD invests funds to acquire recreation facilities for the benefit of the public and for the acquisition of assets that strengthen its utilities.
 - C. WHEREAS, Placer County invests funds to provide infrastructure and to promote the economic vitality, redevelopment, and environmental improvements of the area.
 - D. WHEREAS, TTAD invests funds to provide and maintain public airports and landing places for aerial traffic.
 - E. WHEREAS, NLTRA invests fund to provide infrastructure and to promote the economic vitality and redevelopment of the area.
 - F. TCPUD, COUNTY, TTAD, AND NLTRA have cooperatively considered the merits of acquiring the PROPERTY and believe that there are numerous public benefits to the public acquisition and ownership of the PROPERTY, including, but not limited to, the ability to:
 1. TCPUD:
 - Provide for public recreation and open space to help maintain the Lake Tahoe region's high quality of life and promote economic vitality.
 - Provide opportunity for a potential site for a domestic water treatment facility.
 - Provide the community with additional publicly-held water rights.

2. COUNTY and NLTRA:

- Improve parking and traffic circulation in the downtown Tahoe City area, which will benefit the public generally and promote the economic vitality and redevelopment of the area.
- Provide a potential site for the construction of visitor amenity capital improvements within walking distance of the downtown Tahoe City businesses, services and recreational amenities.
- Address water quality in the urbanized core to improve environmental quality, enhance economic vitality, and provide an opportunity to meet regulatory requirements so that individual commercial core buildings and parking areas can be reconfigured.
- Address air quality in the urbanized core to improve environmental quality, enhance economic vitality, and provide an opportunity to meet regulatory requirements so that individual commercial core buildings and parking areas can be reconfigured.

3. TTAD:

- Provide an opportunity for a permanent easement for an emergency- services helipad available 24 hours a day, seven days a week, year-round for public health and safety including: medical, fire, law enforcement, search and rescue and other emergency service provider operations.
- Provide an opportunity for an emergency landing area for aircraft.

4. BENEFITS of IMPORTANCE TO ALL :

- Maintain the largest contiguous parcels of real property in the Tahoe City area by providing public ownership for the benefit of the community and allow the community to have a voice in planning for the future use of the PROPERTY.
- Consolidate landholdings with other adjacent public parcels to more efficiently provide for above public services as well as increasing fire suppression and emergency access to commercial properties and structures in the downtown core.

G. Based on the numerous public benefits to the public acquisition and ownership of the PROPERTY and indication from each of the PARTIES of their desire to participate in the funding of the acquisition, use, operation, planning for the future use and operation of the PROPERTY, on or about September 14, 2011 TCPUD entered into an agreement to purchase the PROPERTY.

H. Based on the numerous public benefits to the public acquisition and ownership of the PROPERTY and that fact that TCPUD had entered into an agreement to purchase the PROPERTY, on or about October 2011 the Parties executed a Letter of Intent to fund the due diligence activities to be undertaken by TCPUD in conjunction with the acquisition of the PROPERTY.

- I. TCPUD has proceeded with its due diligence activities and the PARTIES now desire to enter into this MOU to provide for the funding of the acquisition, use and operation and planning for the future use and operation of the PROPERTY.

NOW THEREFORE, the PARTIES agree as follows:

Article I. Purpose

The purpose of this MOU is for the PARTIES to agree upon the terms and conditions upon which they would jointly fund acquisition of the PROPERTY, hold title to the PROPERTY, provide for use and operation of the PROPERTY and plan for the future use and operation of the PROPERTY.

Article II. Funding the Acquisition of the Property

- A. The PARTIES agree that they would share in the cost of the acquisition of the PROPERTY based upon their proportionate value for the public uses that meet their purpose and mission. The terms and amounts will be set forth in ATTACHMENT A to this MOU. The PARTIES agree that TCPUD would acquire the PROPERTY and hold title to it in its name.

Article III. Planning for the Future Use of the PROPERTY

- A. The PARTIES agree that within three (3) months of acquisition of the PROPERTY, they will work together to create and begin a public planning and visioning process for the PROPERTY, including participating in the current TRPA Regional Plan Update process, and Placer County Community Plan Update processes, to ensure the maximum appropriate beneficial uses for the PROPERTY within established regulatory and land use frameworks. Except as otherwise provided for in this MOU, each PARTY will take the lead with respect to any potential future uses within its mission and jurisdiction. The PARTIES agree to establish an Oversight Committee (OC) with representation from the following: 3 people from NLTRA Board or Staff, 2 persons from TCPUD Board or Staff, 1 person from TTAD Board or Staff and 1 person from Placer County BOS or Staff, to be responsible for execution and communication with respective boards. To the extent necessary, NLTRA agrees to provide staff support to the OC.

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detailing
Oversight
Committee

- B. The PARTIES agree that for the purposes of wetlands mitigation and open space protection, the planning for future use of the PROPERTY will include planning for a portion of the PROPERTY, at least to the extent commensurate with funds allocated toward the PROPERTY purchase by PLACER COUNTY, to be set aside and improved as necessary for those purposes. Additionally, the PARTIES agree that planning for future use of the PROPERTY will include consideration of and planning for a contiguous area on the southern portion of the PROPERTY and some or all abutting adjacent commercial properties to be dedicated to parking, traffic and circulation improvements and that golf course layout or other uses and parcel boundary line adjustments required to

ensure implementation of those improvements shall be accommodated.

- C. The PARTIES agree that within one (1) year of acquisition of the PROPERTY the OC will develop a mutually agreed upon set of objectives with a timeline and trackable measurements for progress.
- D. The PARTIES through the OC agree to meet at least annually to review the objectives, timelines and measurements.
- E. The PARTIES agree that if in five (5) years they haven't made measurable progress on the objectives, timelines and measurements, through the OC and upon any PARTY's request they will pay back that PARTY for its contribution to fund acquisition of the PROPERTY or convert such contribution to a loan. Should funding for such pay back be unavailable and should the PARTIES decline to agree to conversion to a loan, PARTIES agree that PROPERTY will be sold and that proceeds from sale will be distributed proportionately to all PARTIES based upon their original funding contribution. PARTIES also agree that **should Airport District wish to retain ownership of a helipad site, that PARTIES agree that said site will be reserved from sale, and that Airport District will forfeit proportionate disbursement of funds from proceeds of the remainder of the property sale.**

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Article IV. Future Improvements, Changes in Uses, Leases or Sale of All or Portion of the PROPERTY

- A. The PARTIES agree to meet and confer on an as needed basis to implement the plan adopted as a result of Article IV. The PARTIES shall identify the appropriate lead agency, funding, and process for implementation.
- B. TCPUD agrees to conduct the necessary environmental review, make all applications for permits and approvals for the development of the emergency helipad. TTAD agrees to fund the costs associated with such permits, environmental review and approvals, including TCPUD's direct engineering time and costs (not to include general and administrative overhead). The PARTIES will select the location for helipad and will take into consideration TTAD's preferred location and will make every effort to avoid impact to the current golf course layout and design. An additional planning goal of the PARTIES will to keep fairway #1 or #3 open and available for use by distressed aircraft as long as golf course is in operation.
- C. The PARTIES acknowledge and agree that they will plan for the potential construction of an emergency helipad on golf course property or adjacent TCPUD property. As such, future development of property in immediate vicinity of helipad may be subject to height and use restrictions as well as the granting of an avigation or overflight easement and other architectural design restrictions.

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- D. In the event that TTAD does not approve of the location selected by the PARTIES for the

helipad or TRPA and/or Placer County deny permits or restricts TTAD from construction of a helipad, or if the proposed site cannot meet the certifications or standards of Caltrans Division of Aeronautics, or the FAA, the PARTIES agree to negotiate reasonable terms for TTAD to be reimbursed for its financial contribution to the acquisition of the PROPERTY.

Article V. Use and Operation of the Property

A. The PARTIES agree that TCPUD shall operate and maintain the PROPERTY until the PARTIES mutually agree otherwise in writing and that TCPUD intends to operate and maintain the PROPERTY as a golf course, with other potential compatible uses, for the first five (5) years following acquisition. The duty to operate and maintain the PROPERTY carries with it a multitude of financial, operational and regulatory risks. TCPUD's willingness to undertake this duty is based on its ability to use the PROPERTY to offset its costs and minimize its risks. Therefore, TCPUD shall be entitled to engage in any lawful activity in conjunction with its use and operation of the PROPERTY, including but not limited to the following:

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1. Operation of a public golf course, clubhouse and restaurant, either through its own employees, a management services contract(s), lease, or a combination of these.
2. Provision of winter recreation activities and other summer recreational activities, either through its own employees, a management services contract(s), a lease, or a combination of these.
3. Charging user fees, providing fees for services, selling merchandise and operating a restaurant with a liquor license.
4. TCPUD shall be solely responsible for and benefit from all profits and losses from operation of the golf course and related facilities.
5. During such time that TCPUD operates and maintains the PROPERTY, it shall cooperate with the other PARTIES with respect to planning for the future use of the PROPERTY.

No later than one (1) year prior to the end of the first five (5) years of use and operation as set forth in Article III.A., above, or longer period as agreed to in writing by the PARTIES, the PARTIES shall meet and confer and negotiate in good faith for the uses and operation of the PROPERTY beyond such five (5) year, or longer, period.

Article VI. Dispute Resolution

In the event of a dispute between the PARTIES arising under or relating to performance of any PARTY's obligations under this MOU, or any aspect of the planning process contemplated in this MOU, the Executive Officer of each involved party to the MOU will meet to discuss a resolution to the dispute. If the dispute is not resolved, any of the PARTIES may request the initiation of mediation for any dispute, by delivering a written request for advisory mediation to the other PARTIES. The mediation request must include a brief summary of the issues in dispute. Any party

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may serve a response to the issues in dispute to clarify those issues. Within 10 calendar days after delivery to the mediation request, the PARTIES will attempt in good faith to agree upon a neutral mediator to preside over an advisory mediation. If unable to facilitate a mutually agreed upon resolution by all PARTIES, the mediator shall provide a written advisory decision to the PARTIES. The governing body of each PARTY shall have 20 calendar days to accept the decision, or provide a written response rejecting the decision. Each PARTY shall bear its own costs for the mediation and share equally with the other PARTIES the costs of the mediator and mediation, if any.

TAHOE CITY PUBLIC UTILITY DISTRICT,

Date

COUNTY OF PLACER,

Date

TRUCKEE TAHOE AIRPORT DISTRICT,

Date

NORTH LAKE TAHOE RESORT ASSOCIATION,

Date

ATTACHMENT A

ACQUISITION PARTICIPATION

Placer County/North Lake Tahoe Resort Association - TOT - \$2,495,000

TCPUD \$1,405,000

Placer County - Mitigation Fees \$300,000

Tahoe Truckee Airport District \$500,000