



North Lake Tahoe Economic Development Incentive Program

Overview, Guidelines and Procedures

(Revised June 2021)

County Executive Office, North Lake Tahoe

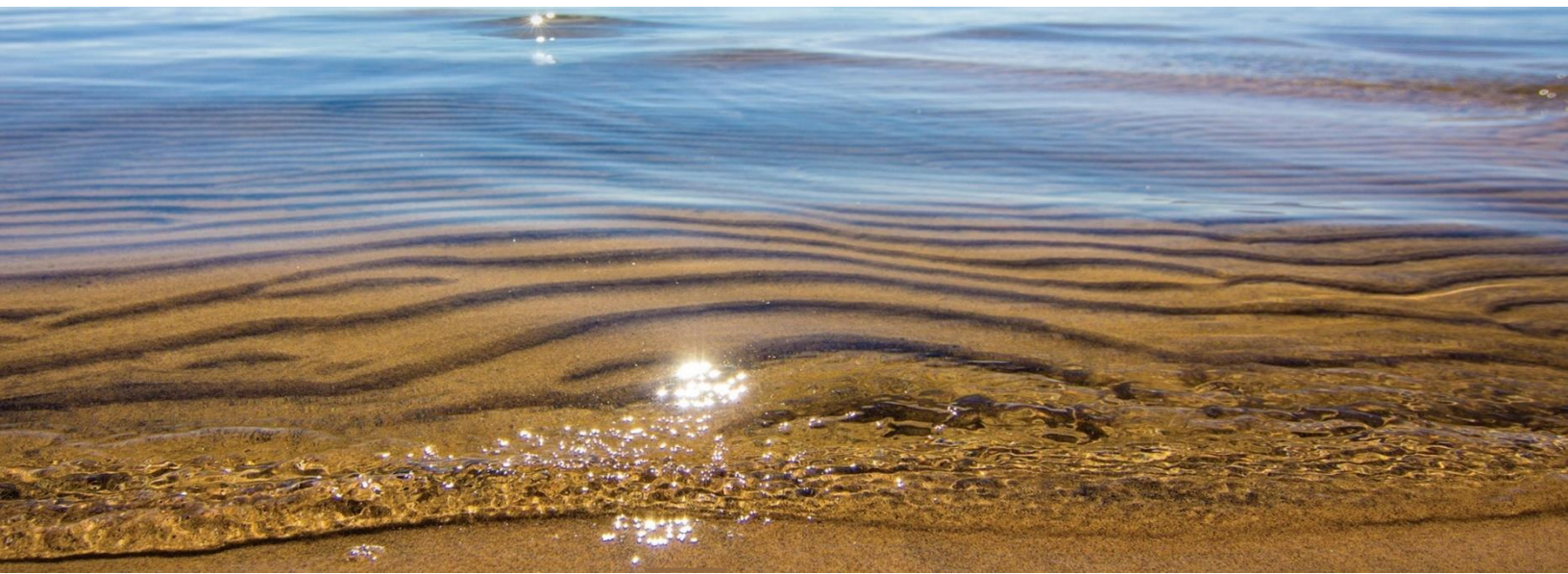


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EXHIBITS

The program offers a variety of cost offset and/or rebate components. Depending on project applicant needs and qualifications, the following exhibits could be applicable.

- A. North Lake Tahoe Economic Development Incentive Program Application Documents
 - i. Application- Development Rights Cost Offset, Infrastructure Cost Offset, and Tahoe Basin New Lodging Incentive Program
 - ii. Questionnaire- Tahoe Basin Remodel Lodging Incentive Program
- B. Sample Template Tourist Accommodation Unit Transfer Agreement
- C. Sample Template Operating Covenant Agreement
- D. Placer County North Lake Tahoe Basin Town Center and Village Center Maps



SECTION 1.0 INTRODUCTION

Placer County established an Economic Incentive Program (Program) to encourage Town Center development that achieves environmental and economic goals which are outlined in the Placer County Tahoe Basin Area Plan. The Area Plan sets the framework by which goals and objectives for long term environmental and economic sustainability of the North Lake Tahoe Basin area of Placer County are achieved. As stated in the November 2015 report by Economic and Planning Systems (EPS), "according to Tahoe Regional Planning Agency (TRPA), approximately 72 percent of the sediment polluting Lake Tahoe originates from developed areas. It is well documented by TRPA and numerous studies that environmentally beneficial redevelopment is the path to improve lake clarity, air quality, retain and create new jobs, increase full-time residency, encourage walkable and pedestrian friendly business downtowns, and beautify and strengthen the Town Centers and region." In March 2020, Bay Area Economics (BAE) authored and presented the Tahoe Basin Town Center Economic Needs Analysis to the County Board of Supervisors. The analysis reaffirmed the work of previous economic studies, and recommended the County take additional steps to further incentives that reduce financial hurdles for targeted projects to ensure success of new and remodeled hospitality and commercial projects in order to realize County and community goals and objectives.

Among multiple findings and recommendations, the BAE Analysis recommended that because of the extraordinary cost of lodging and mixed-use development in the Tahoe Basin, the County's existing North Lake Tahoe Economic Development Incentive Program (NLTEDIP), with its components to help offset costs outlined in Section 1.1 below, be updated to include availability of all County-banked development rights. These development rights include Tourist Accommodation Units (TAUs) available in the original program, Commercial Floor Area, Residential Allocations, Coverage and Density (currently only available within the Tahoe City Town Center), and develop a Transient Occupancy Tax (TOT) Rebate Incentive to further incentivize desired investment. Consistent with the NLTEDIP, these components focus on attracting New Lodging Development in the Town Centers of Kings Beach and Tahoe City, with flexibility to also support both new and remodel lodging projects within Village Centers on existing lodging sites and where lodging uses are allowed, including Carnelian Bay, Dollar Hill, Homewood, Lake Forest, Tahoma, Tahoe Vista and Sunnyside. These areas currently contain 30 properties constructed in the 1950s and 1960s and suggests a need for broader environmentally beneficial development opportunities.

A fundamental principal of development is predictability; predictability in the process, the associated costs, and the time it takes to achieve a completed project. This program is intended to operate in concert with the other County initiatives put in place to help streamline the project approval process and provide certainty as to the availability of the cost offset components outlined in Section 1.1.

1.1 Three Incentive Program Components

- A. Development Rights Cost Offset:** This component funds and acquires commodities required to develop mixed-use overnight visitor accommodations, as well as establishes a program to bank acquired TAUs and issue them to projects that meet established criteria. The TAU Cost Offset targets a minimum of 40 accommodation units but reserves 25 percent of TAU assets for smaller projects in any given year, along with other potential adjustments to program criteria and requirements pursuant to Placer County Board of Supervisors approval. As recommended in the BAE Analysis, this program component now also includes availability of other development rights defined by TRPA such as Commercial Floor Area (CFA), Land Coverage, Residential Allocations, and Density

(currently available in the Tahoe City Town Center only). To check on the status of Placer County's development rights inventory, contact staff listed on Pages 17 and 24. Pursuant to TRPA Code of Ordinances Chapter 51.4, development rights also may be converted to another type of development right(s) based on prescribed conversion exchange rates.

- B. Infrastructure Cost Offset:** This component includes mechanisms to fund extraordinary infrastructure costs for an individual project or for community-scale infrastructure improvements needed to encourage new development on a broader scale. The focus is on sidewalks and streetscape amenities, parking, and parking districts, but could also incorporate sewer and water or other significant infrastructure costs on a case-by-case basis. Funding for this Cost Offset could include, but is not limited to, Transient Occupancy Tax (TOT), Certificates of Participation, Revenue Bonds, General Obligation Bonds, net proceeds from sales of Successor Agency properties, the future tax increment that would have otherwise accrued to the former Redevelopment Agency, and other general fund revenues. The Infrastructure Cost Offset component also includes utilizing existing County code allowances so eligible developers can defer fee payments until certificate of occupancy, with application and approval based on specific project need consistent with existing County Code Sections 15.70.030 and 15.70.050. Deferral of other fees may also be considered on a case-by-case basis.

- C. Transient Occupancy Tax (TOT) Rebate:** This component further assists in offsetting extraordinary costs of new or remodel hotel and/or condotel projects and consists of a rebate, on an annual basis, of a portion of the new or incremental growth in TOT revenue generated by a participating lodging project. Projects will adhere to and be subject to the Placer County Uniform Transient Occupancy Tax Code. Hotels and Condotels, as generally referred to in this incentive component, are projects with rooms and amenities meeting the criteria and requirements of this Program, and that are provided by the owner/operator and occupied, intended, or designed for occupancy by transients for dwelling, lodging, or sleeping purposes.

(See Section 3 for a more detailed outline of this program component)

In the event a proposed project/applicant, is applying for more than one incentive program component, terms for potential repayment of cost offsets, and/or incentive rebate, are further detailed in Section 3.

SECTION 2.0 PARTICIPATION CRITERIA

The NLTEDIP is structured upon the principle that development projects will produce meaningful environmental and economic "ripple" impacts/effects that catalyze additional investment, thereby leveraging environmental and economic sustainability. Because of the need for such catalysts in the Tahoe Basin's Town Centers and Village Centers, where new projects of such benefit have been nearly nonexistent for decades, the program offers incentives to projects that create new or remodeled hotel and/or condotel projects.

2.1 Participation Conditions

The Program seeks to emphasize the development of hotel and/or condotel properties that accentuate North Lake Tahoe's status as a tourism destination with an abundance of outdoor and recreation opportunities as well as a vibrant community that supports diverse quality

restaurants, shopping, art, and entertainment. The program includes general conditions requiring that participants:

- A.** Complete the entitlement/permitting process, construct and receive all final occupancy clearances within eight years (new hotel and/or condotel) or three years (remodel of hotel and/or condotel) from execution of the Operating Covenant Agreement (OCA) to receive the full benefit of the program.
- B.** Agree to maintain the property in a manner that does not negatively impact assessed property value.
- C.** Operate the facility in keeping with Placer County codes and other requirements as deemed necessary by the Board of Supervisors at the time of approval of the TAU Transfer Agreement, and/or OCA by the Board of Supervisors.
- D.** Collect and remit TOT to Placer County pursuant to current codes and processes. On an annual basis, and after Placer County Revenue Services has approved TOT collections and remittance (subject to auditing rights), project owner/operator shall receive rebate based upon the OCA approved by the Board of Supervisors.

2.2 Tourist Accommodation Unit Transfer Agreement, and Operating Covenant Agreement

The owner/operator must execute agreements, namely a TAU Transfer Agreement for TAUs, and/or an OCA for TOT rebate, which would then be subject to approval by the County Board of Supervisors. The execution of this agreement(s) allows for the crafting of project specific conditions that ensure the public benefit of the participating project and would also include other terms such as project scope, term of agreement and appropriate indemnification, among others. Subject to further review, examples of potential project specific conditions include, but are not limited to:

- A.** Operator/owner of a new hotel and/or condotel project must implement the project as entitled and maintain the project quality requirements for the duration of the incentive term, and other terms and conditions.
- B.** Operator/owner, for condotels, must agree to place deed restrictions on each individual condo such that condo owners may not occupy their condo unit for more than 90 days per calendar year, and no more than 30 days in a quarter. This deed restriction applies to all condos in the development project that are part of the application for rebate.
- C.** Operator/owner, for hotels and condotels alike, must maintain professional rental management so that there is a single source collecting and remitting TOT to the County, throughout and for the entire rebate period.

See Exhibits B and C for sample template agreements.

SECTION 3.0 LODGING INCENTIVE PROGRAM

3.1 New Lodging Development Projects

- A.** Basic Requirements
 - i. Project generally meets a Full-Service hotel property, as defined by STR, Inc. (see below), equivalent, or higher, to be constructed in the Tahoe Basin portion of unincorporated Placer County after May 11, 2021. Does not include all, or any portion of, or addition to, an existing facility that was constructed within the last 10 years preceding the submission of an application to the County.

STR, Inc., Definition: Full-Service hotels are generally mid-price, upscale or luxury hotels with a restaurant, lounge facilities, and meeting space as well as minimum service levels often including bell service and room service.

B. TAU Cost Offset – TAU Transfer Agreement

- i. This proposed incentive would allow for transfer of TAUs from available, if any, banked County TAUs to the proposed project, pursuant and subject to the terms of a TAU Transfer Agreement. Terms of the agreement would include payback for the costs (including administrative costs) of said TAUs pursuant to a loan using project TOT revenue. Loan terms would vary depending upon the number of TAUs being proposed for transfer, and whether applicant is requesting other incentive program components. Generally, if only TAU cost offset is applied for, it is anticipated that approximately half of project TOT revenue would go towards payback of costs and half to the County, until such time the cost for said TAUs are fully paid off. Circumstances may vary and will be considered on a case-by-case basis. If the proposed project currently has, or has had, TAUs associated with the project parcel(s) anytime during the three years prior to application for the TAU Cost Offset, then those current/previous TAUs shall be subtracted from the total number of TAUs needed for the project, such that the TAUs applied for may only be the net number of TAUs needed for the project (e.g. – Proposed new project of 100 rooms, with 20 TAUs currently/previous associated with the project parcel(s), application for TAU Cost Offset may not exceed 80 TAUs).

C. TOT Rebate - Percentage and Term

- i. This proposed incentive would rebate a share of New Lodging Development TOT collections on an annual basis and after Placer County Revenue Services approval (including audit rights). The proposed annual TOT rebate percentage would be 80% for a 20-year period. For applicants applying for additional incentive program components, see Combined Incentive Components below.
- ii. Combined Incentive Components:
 - As an example, if an applicant applies for TAU Cost Offset and TOT Rebate Incentives, the following percentages will apply for the applicable loan pay off and rebate periods:
 - A) 80% of the TOT revenue would go towards the TOT Rebate incentive, rebated on an annual basis, for the duration of the 20 year rebate period, then;
 - B) The remaining 20% would be split 50% towards paying off the TAU costs on an annual basis and 50% towards County TOT revenue (10% of the total project TOT revenue), for the time required to pay off the balance of the loan.
 - C) Once the TAU loan is paid off, 80% of the TOT revenue would go towards the Rebate incentive on an annual basis, and 20% to the County, for the then remaining years of the 20-year period.

(If the combined components include Infrastructure Cost Offset, those applications will be considered on a case-by-case basis)

3.2 Remodel Lodging Project TOT Rebate Incentive

A. Basic Requirements

- i. Project involves property in the North Lake Tahoe Basin portion of unincorporated Placer County that was occupied and used as a hotel and/or condotel within the 10-year period preceding application submission and operating continuously for the three-year period preceding application submission, with a valid TOT certificate and no past due TOT owed to Placer County.
- ii. Approved Placer County building permit.

- iii. Contract with contractor licensed by the State of California.
- iv. Current TOT certificate holder in good standing, per County Revenue Services.

B. Rebate Percentage and Term

The Remodel Lodging Program incentive proposes a sliding scale, with three rebate percentage tiers tied to the project's stated Building Permit value. It is important to note, that for these projects, the amount rebated shall be calculated based on the new increment of TOT generated following completion of the remodel. Net new TOT will be determined by subtracting the "Base Year" TOT from the total new annual TOT generated. An average of the prior three years TOT revenue will be used as the Base Year value.

- i. **Tier 1** – Remodel Lodging Projects between \$100,000 and \$250,000 (Building Permit Value)- This proposed incentive would rebate, on an annual basis, an amount equal to 90% of the TOT remitted for Years 1-2, 80% for Years 3-4, and 70% for Years 5-7 of the incentive period, for a duration of up to seven years or until the value of the Building Permit is equaled, whichever is sooner.
- ii. **Tier 2** - Remodel Lodging Projects above \$250,000 and up to \$500,000 (Building Permit Value)- This proposed incentive would rebate, on an annual basis, an amount equal to 90% of the TOT remitted for Years 1-2, 80% for Years 3-4, and 70% Years 5-8 during the incentive period, for a duration of up to eight years or until the value of the Building Permit is equaled, whichever is sooner.
- iii. **Tier 3** - Remodel Lodging Projects above \$500,000 (Building Permit Value)- Shall be presented to the Placer County Board of Supervisors for consideration on a case-by-case basis.

SECTION 4.0 APPLICATION SUBMITTAL

This section outlines the application process for all program components. All applications shall be submitted to the Placer County Lake Tahoe CEO Office as shown on the last page of Exhibit A(i) or A(ii), project application. After receiving the application, it shall be reviewed by Placer County Executive Officer, or designee(s), and applicant will be notified regarding next steps.

4.1 Application Process - Development Rights, Infrastructure Cost Offsets, TOT Rebate Incentives

- A. Introductory meeting with County staff to discuss Program, criteria and requirements (may be done via phone or video conference).
- B. Project consultation with County Executive Officer and staff to assess readiness for application.
- C. Prepare and submit a program application.
- D. Review by Placer County Executive Officer, or designee(s).
- E. Upon determination that the applicant meets the predetermined criteria and requirements for program participation, the County Executive Office would then prepare an OCA between the County and applicant. The completed incentive package would then be presented to the Board of Supervisors for final approval prior to award of participation in the Incentive Program.

4.2 Application Process – Remodel Lodging Project TOT Rebate Incentive

- A. Introductory meeting with staff to discuss Program, criteria, and requirements (may be done via phone conference).

- B. Project consultation with County Executive Officer and staff to assess readiness for application.
- C. Prepare and submit application Questionnaire.
 - i. Demonstrate the four basic requirements of Section 3.2(A), can be met.
- D. Upon determination by Placer County Executive Officer, or designee(s), that the owner/operator has met the predetermined criteria and requirements for program participation, the County Executive Office would then draft an OCA between the County and the lodging owner/operator. The completed package would then be presented to the Board of Supervisors for final approval prior to award of participation in the Incentive Program.

SECTION 5.0 BOARD OF SUPERVISORS REVIEW/ACTION

A staff report will be prepared for the Placer County Board of Supervisors consideration and will be posted on the Placer County website as an attachment to the agenda for purposes of public awareness and feedback.

Additionally, staff will make a formal recommendation to the Board for review and approval. Each project approval will be memorialized through an OCA to be recorded with the Placer County Recorder's Office. If a Development Agreement is prepared, the OCA will be a required component. The timing of program approval will be determined by the readiness of the applicant to submit a completed application that can be reviewed and presented to the Board for its consideration.

SECTION 6.0 PUBLIC RECORD

The County is a public entity subject to the Ralph M. Brown Act and the Public Records Act (Cal Govt. Code Sec. 54950 et seq and Cal Govt. Code Sec. 6250 et seq, respectively; (the "Acts")). Materials submitted as part of this Program may be subject to public disclosure under the Acts. Applicants may identify portions of submittals that the Applicant requests be withheld from public disclosure and the exemptions from disclosure under the Acts that the Applicant requests be applied. The County will review any such requests pursuant to the Acts.

SECTION 7.0 OTHER PROGRAM TERMS AND CONDITIONS

7.1 Eastern Placer County Communities Eligible for Program Participation

Both the 2014 EPS study and the March 2020 BAE Analysis cite the extraordinary cost of development as the core reason for the lack of investment in the Tahoe Basin.

- A. The New Lodging Development projects are applicable in Tahoe Basin Town Centers and Village Centers. This maintains consistency with the Tahoe Basin Area Plan by pushing development to the Town Centers, creating pockets of more dense, walkable, vibrant downtowns that bookend the North Shore and supports larger scale environmentally beneficial development of sites with existing dated lodging stock in Village Centers, where lodging uses are allowed.
- B. The Remodel Lodging incentive component is applicable in all Tahoe Basin Districts, including Town Centers, Village Centers and commercially zoned locations where lodging uses are allowed.

7.2 TOT Incentive Revenue Allocation

Remaining TOT revenue collected, and not allocated back to a project and/or participant through the Incentive Program, shall be allocated as follows:

- A. Ten percent County General Fund Retention:** This allows the County to participate in the taxes generated by the project, thus furthering the economic benefit of the program to the County. Should TOT be increased to a collection rate higher than the current 10% level, 100 percent of the new amount will inure to the county General Fund.
- B. Remaining Set-aside for Visitor-serving Capital Projects:** This amount varies based on New or Remodel program component and associated term and/or Tiers (see Section 3.0 above). The funds set aside for this purpose will be held in the Lake Tahoe Tourism Promotions Fund and allocated following recommendation by the CAP committee, convened by the County Executive Office and North Lake Tahoe Resort Association and approved by the Board of Supervisors. Allocation of funds for this purpose would max out at 2% of 10% collection rate, or equal to the percentage that is currently allocated to implementing this purpose as outlined in the Tourism Master Plan, last approved by the Board of Supervisors in 2015.

7.3 Prevailing Wages

The program includes language notifying program participants that participation may trigger application of prevailing wage to the construction portion of the project and other project components that may be covered by State law.

7.4 Sunset Provision

New applications for the New or Remodel Lodging incentive program will not be accepted after June 30, 2026, unless the Board Supervisors renews the hotel incentive program through an amendment or acts to terminate the program earlier. The sunset provision has the effect of preventing new applications, thus previously approved implementation agreements would continue to be in force for the duration of the agreement. Because the program will be reviewed every two years to assess current economic climate and extend or amend the program as warranted, conditions could change that cause termination or extension of the program.

7.5 Failure to Construct

The Board of Supervisors is authorized to act to make the OCA null and void in the event the subject lodging facilities are not placed into operation within eight (8) years of the execution of the implementation agreement for New Lodging projects and three (3) years of the final permit issuance for Remodel Lodging projects.

7.6 Transfer of Project

Because the TAU Transfer Agreement and the OCA will be recorded and "run with the land," an Agreement(s) that has been approved by the Placer County Board of Supervisors, and is in compliance with the terms and conditions of all project agreements with County, will automatically transfer to a new owner.

Exhibit A(i)

**Placer County North Lake Tahoe
Economic Development Incentive Program**

Project Application

(Required only for Development Rights Cost Offset, Tahoe Basin New Lodging Incentive Projects)

This application contains three sections. Please fill out all sections as completely as possible and expand upon them, using additional sheets if necessary.

DATE:

PROJECT NAME:
PROJECT ADDRESS:
ASSESSOR PARCEL NUMBER(S):
PROJECT APPLICANT(S):
PROPERTY OWNER (IF DIFFERENT FROM APPLICANT):
PHONE:
EMAIL ADDRESS:
MAILING ADDRESS:

North Lake Tahoe Basin Economic Development Incentives Program Component(s) Requested		
	Check all that apply	# of units/square feet
Development Rights Cost Offset		
Tourist Accommodation Units (TAUs)	<input type="checkbox"/>	
Commercial Floor Area (CFA)	<input type="checkbox"/>	
Coverage	<input type="checkbox"/>	
Residential Allocations	<input type="checkbox"/>	
Density (Tahoe City Town Center only)	<input type="checkbox"/>	
Infrastructure Cost Offset	<input type="checkbox"/>	
TOT Rebate	<input type="checkbox"/>	

SECTION 1: SUPPORTS TAHOE BASIN AREA PLAN IMPLEMENTATION

A) PROJECT DESCRIPTION AND HOW IT ALIGNS WITH THE FOLLOWING:

Meets the STR Full-Service requirement:

New or Upgraded recreation:

Improves access to Lake Tahoe and other recreation:

Improves public services and facilities:

Upgrades lodging and the built environment:

Improves views, aesthetics, community character and protects scenic resources:

Expands transit service and infrastructure:

Addresses district parking implementation:

Catalyzes positive economic ripple impacts/effects:

Reduces GHG emissions and vehicle trips:

Addresses other conservation goals (water quality, noise, SEZs, vegetation, wildlife):

B) DETAIL THE USE TYPES FOR YOUR PROJECTS: (PLEASE INCLUDE BY USE TYPE, SIZE/SQ.FT., NUMBER OF UNITS, ETC.)

Hotel (Yes/No):	Number of Rooms:
Condo-Hotel (Yes/No):	Number of Units:
Non-participating Condos (Yes/No):	Number of Units:
Retail (Yes/No):	Sq. Ft:
Office (Yes/No):	Sq. Ft:
Other Public Serving/Benefit:	Sq. Ft:

SECTION II: ECONOMIC IMPACTS

A) ANTICIPATED NUMBER OF JOBS CREATED:

Project Construction Jobs:
Completed Project Full-Time Jobs:

Brief description of job categories:

B) WHAT DO YOU ESTIMATE THE VALUE OF THE PROJECT WILL BE UPON COMPLETION?

PLEASE COMPLETE THE FOLLOWING THAT PERTAIN:

Estimated Rents of Hotel Rooms:
Estimated Annualized Occupancy:
Estimated TOT:
Estimated Value of Condos:
Estimated Rent/SQ. FT. for:
Retail:
Office:
Other:
Estimated Annual Sales Tax:

SECTION III: DEVELOPER INFORMATION LIST SIMILAR PROJECTS DEVELOPED:

Project Location	Size of the Project	Project description – Use/Mix

A) PROVIDE SPECIFICS OF APPLICANT AND APPLICANT'S TEAM IN REGARD TO TAHOE BASIN DEVELOPMENT EXPERIENCE:

B) EXPLAIN IN DETAIL, APPLICANT'S EXPERIENCE WORKING WITH AND DEVELOPING THE PROJECT USES AND SPECIFIC TENANTS ENVISIONED AND WORKED WITH IN THE PAST:

C) ESTIMATED PROJECT COMPLETION DATE:

D) SUPPLEMENTAL INFORMATION APPLICANT WOULD LIKE TO PROVIDE:

CERTIFICATIONS AND SIGNATURES:

I/we certify that there are no current code enforcement actions pending against the applicant in the Tahoe Basin, Placer County, or surrounding region.

I/we have completed the North Lake Tahoe Economic Incentive Program Project Application completely and truthfully.

I/we have reviewed the program guidelines and procedures, have familiarity with the responsibilities of each party and understand that:

- The Economic Incentive Program is designed as a cost offset program and an applicant who partakes in the program may be bound by a development agreement with Placer County.
- The County shall not assume any liability for such agreements, except as specifically authorized by the subsequent agreement.
- This application in no way constitutes any type of offer and creates no contractual obligation and/or other liability to Placer County.
- The County, at its sole discretion, reserves the right to consider developer/applicant's participation in the program.

I/we have read and understand the program guidelines, accept the qualifications and conditions and by signature below, certify that I/we are qualified and will abide by such conditions set forth in this application and all reasonable conditions imposed by Placer County in the implementation of the program.

PROJECT APPLICANTS(s):

By: _____

Date: _____

Print Name and Title: _____

PROPERTY OWNER (IF DIFFERENT FROM APPLICANT):

By: _____

Date: _____

Print Name and Title: _____

**Attached all sheets to this application form and return to:
Placer County Executive Office – Attn. Nicholas Martin
PO Box 1909
775 North Lake Blvd.
Tahoe City, CA 96145**

**For additional information, please contact Nicholas Martin at (530) 546-1952
Email: nmartin@placer.ca.gov**

Exhibit A(ii)

**Placer County North Lake Tahoe
Economic Development Incentive Program**

Questionnaire

(required only for Remodel Lodging Projects)

DATE:

PROJECT NAME:
PROJECT ADDRESS:
ASSESSOR PARCEL NUMBER(S):
PROJECT NUMBERS OF ROOMS:
PROJECT APPLICANT(S):
PROPERTY OWNER (IF DIFFERENT FROM APPLICANT):
PHONE:
EMAIL ADDRESS:
MAILING ADDRESS:

Please complete sections I-III below. It is not required to complete each question, but applicants are encouraged to clearly demonstrate how the project addresses the Tahoe Basin Area Plan and Economic goals.

SECTION 1: SUPPORTS TAHOE BASIN AREA PLAN IMPLEMENTATION

A) PROJECT DESCRIPTION AND HOW IT ALIGNS WITH THE FOLLOWING:

New or Upgraded recreation:

Improves access to Lake Tahoe and other recreation:

Improves public services and facilities:

Upgrades lodging and the built environment:

Improves views, aesthetics, community character and protects scenic resources:

Expands transit service and infrastructure:

Addresses district parking implementation:

Catalyzes positive economic ripple impacts/effects:

Reduces GHG emissions and vehicle trips:

Addresses other conservation goals (water quality, noise, SEZs, vegetation, wildlife):

SECTION II: ECONOMIC IMPACTS

	Proposed Project	Values
1.	Estimated Building Permit Value <ul style="list-style-type: none"> • Tier 1 - \$100k - \$250k • Tier 2 - \$251k - \$500k • Tier 3 – more than \$500k 	
2.	Current annual TOT revenues (avg. of last 3 years) <ul style="list-style-type: none"> • ADR • Annual Average occupancy rate 	
3.	Estimated annual TOT revenues after project completion <ul style="list-style-type: none"> • New ADR • Change in annual average occupancy rate anticipated? 	
4.	Estimated Net New TOT Revenues (line 3 minus line 2)	
	Additional project details:	

SECTION III: DEVELOPER/APPLICANT EXPERIENCE (BRIEFLY EXPLAIN)

A) TAHOE BASIN EXPERIENCE:

B) OWNED PROPERTY SINCE:

C) TAHOE BASIN PROJECT TEAM EXPERIENCE (LAND USE EXPERTS, ETC.):

D) WILL A LOAN BE SOUGHT FOR THIS PROJECT, IF SO, PLEASE PROVIDE BANK INFORMATION:

E) PROJECT DEVELOPMENT EXPERIENCE OF SIMILAR SCALE:

F) ESTIMATED PROJECT TIMING:

CERTIFICATIONS AND SIGNATURES:

I/we certify that there are no current code enforcement actions pending against the applicant in the Tahoe Basin, Placer County, or surrounding region.

I/we certify that the property/project is currently compliant with, and in good standing, with Placer County Revenue Services, and is up to date with all payments of TOT tax.

I/we have completed this Questionnaire completely and truthfully.

I/we have reviewed the program guidelines and procedures, have familiarity with the responsibilities of each party and understand that:

- The Economic Incentive Program is designed as a cost offset program and an applicant who partakes in the program may be bound by agreements with Placer County, including but not limited to an Operating Covenant recorded with the property.
- The County shall not assume any liability for such agreements, except as specifically authorized by the subsequent agreement.
- This Questionnaire in no way constitutes any type of offer and creates no contractual obligation and/or other liability to Placer County.
- The County, at its sole discretion, reserves the right to consider developer/applicant's participation in the program.
- Have provide County with copies of:
 1. Approved permit and Building Permit
 2. Contract with CA licensed contractor
 3. Copy of contractor license
 4. Letter of Good Standing from Revenue Services, and all TOT remittance is current

I/we have read and understand the program guidelines, accept the qualifications and conditions and by signature below, certify that I/we are qualified and will abide by such conditions set forth in the program and all reasonable conditions imposed by Placer County in the implementation of the program.

PROJECT APPLICANTS(s):

By: _____

Date: _____

Print Name and Title: _____

PROPERTY OWNER (IF DIFFERENT FROM APPLICANT):

By: _____

Date: _____

Print Name and Title: _____

**Attached all sheets to this application form and return to:
Placer County Executive Office – Attn. Nicholas Martin**

PO box 1909
775 North Lake Blvd.
Tahoe City, CA 96145

For additional information, please contact Nicholas Martin at (530) 546-1952
Email: nmartin@placer.ca.gov

EXHIBIT B
Sample Template
Tourist Accommodation Unit Transfer Agreement

SAMPLE

This Tourist Accommodation Unit Transfer Agreement (“Agreement”) is made and entered into as of the _____ day of _____, 202_, by and between COUNTY OF PLACER, a political subdivision of the State of California (“County”), and _____ (“Developer”), collectively the parties (“Parties”).

RECITALS

A. Whereas Developer intends to build a _____ (__) unit accommodation development, consisting of _____ (__) condo-hotel units and _____ (__) standard hotel rooms, located at _____, CA 9____, as approved by the County _____ and as more fully described on attached Exhibit A (“Project”).

B. Whereas Developer has _____ tourist accommodation units (“TAU’s”) in its possession, which includes any and all TAU’s associated with the Project parcel(s) within the three (3) year period prior to Developer applying on _____ for the TAU’s listed in “C” below, pursuant to the County’s North Lake Tahoe Economic Development Incentive Program.

C. Whereas Developer has informed the County that Developer requires an additional _____ (__) tourist accommodation units (“TAU’s”), in order to operate the Project as approved.

D. Whereas, the County has at least _____ (__) standard TAU’s in its possession (TAU Property).

E. Whereas, the County has agreed to transfer the TAU Property to Developer pursuant to this Agreement.

F. Whereas, the TAU Property, along with the _____ TAU’s currently in Developer’s possession, is intended to provide Developer an adequate number of TAU’s to operate the Project as approved.

G. Whereas, the County has determined that the transfer to Developer of the TAU Property on the terms and conditions stated herein, is in the County’s and public interest.

H. Now, therefore, the County desires to transfer said TAU Property to Developer in exchange for consideration pursuant to the terms and conditions of this Agreement.

AGREEMENT

1. TAU Acquisition and Transfer:

a. The parties agree and acknowledge that the TAU Property is subject to the jurisdiction of the Tahoe Regional Planning Agency (“TRPA”). The parties agree and acknowledge that should TRPA prohibit transfer of the TAU Property to Developer this Agreement shall terminate and be of no further force or effect.

b. County shall provide and Developer agrees to place into service all _____ () TAU’s comprising the TAU Property, on or before three (3) years from the Effective Date of this Agreement, for the purpose of meeting the Project approvals and requirements as described in Recital “A” above. The County agrees to transfer the TAU Property to Developer when Developer has notified the County in writing that Developer has obtained, or has demonstrated to County that Developer has the right to obtain, all other TAU’s, entitlements and/or approvals necessary to operate the Project as approved. Developer agrees to maintain in service the TAU Property at the Project at all times during the term of this Agreement, or for such longer period as may be agreed to by the County and Developer, and to comply with all conditions of approval for the Project. Said TAU Property shall not be used for any other purpose, property or development, and/or be transferred off the Project site in any way or in any form during the term of this Agreement, or such longer period as may be agreed to by the County and Developer, without the prior written approval of County, which shall be at the County’s sole and absolute discretion. *Applicable if Project is a condohotel: _____ () of the _____ () TAU’s comprising the TAU Property shall be used on hotel rooms in the standard hotel room portion of the Project.* County agrees to reasonably cooperate with Developer in Developer’s acquisition of other TAU’s needed to operate the Project. If the County has not issued a certificate of occupancy for the Project and the Project has not commenced operation with _____ () tourist accommodation units on or before three (3) years from the Effective Date of this Agreement, the TAU Property, the Note referenced herein shall be due and payable in full upon thirty (30) days written notice from County to Developer (the “Non-Operation Payment Period.”). If Developer fails to pay all amounts due and owing to the County within the Non-Operation Payment Period the County shall have the right to draw on the Letter of Credit referenced herein any unpaid Principal Amount.

2. Effective Date: The last signature date below shall be deemed the Effective Date of this Agreement.

3. Execution and Delivery: Developer and County each warrant and represent, for themselves, that execution and delivery of, and the performance under, this Agreement, are within each of their powers and each of the parties have been duly authorized by all requisite actions. This Agreement constitutes a complete and entire legal, valid, binding and enforceable obligation of Developer and County. Furthermore, Developer warrants and represents that there are no other parties with any interest in the remaining _____ () TAU’s that are currently in Developer’s possession or will be in Developer’s possession, and, subject to approval of transfer of the TAU Property by TRPA and

County, no other signatures are required to make this Agreement fully enforceable by the County.

4. Time of Performance/Term: Consistent with the terms and conditions of this Agreement, the TAU Property shall be transferred to the Project at the time and in the format required by TRPA and County. This Agreement shall be in effect as long as any unpaid Principal Amount remains due and owing to the County, unless sooner terminated as provided for herein.

5. Consideration: Developer agrees to provide the County good and valuable consideration as described herein. The parties agree that consideration for this Agreement includes, but is not limited to, financial requirements specific to the Project, terms and conditions associated with the Forgivable Loan described in Section 7 herein, Developer's obligation to allow auditing of Transient Occupancy Tax as described herein, Developer's compliance with this Agreement, and other good and valuable consideration as the parties may agree.

6. Compliance with Conditions of Approval; Further Acknowledgements: _____ agrees and acknowledges that County is entering into this Agreement in material reliance on Developer continuing compliance with the Project's Conditions of Approval, as set forth on attached Exhibit B, as such conditions may be officially amended by the County from time to time. Developer further agrees and acknowledges that violation of, and/or failure to comply with, any Project condition of approval shall constitute a breach of this Agreement.

7. Forgivable Loan:

The parties agree that the value of the subsidy provided to Developer pursuant to this Agreement, including the TAU Property, County staff time and other Project-related County expenses, is _____ (\$0.00) (the "Principal Amount"). The Principal Amount shall be due and owing from Developer to the County pursuant to and in accordance with the Fifteen (15) year Promissory Note, including interest at the Placer County Treasurer's Investment Pool Gross Rate as of _____ of _____ Percent (%), attached as Exhibit E. Developer's obligation to repay the Principal Amount shall be secured by a UCC-1 financing statement substantially similar in form and content to attached Exhibit F. Developer's obligation to repay the Principal Amount shall also be secured by an irrevocable standby letter of credit substantially similar in form and content to attached Exhibit G (the "Letter of Credit"). County shall have the right to demand and receive payment on the Letter of Credit pursuant to the terms of Section 1(b) herein, as otherwise provided for herein, and/or in the event of other breach of this Agreement by Developer that results in all or part of the Principal Amount being owed to the County. County shall also have the right to demand payment on the Letter of Credit in the amount of any unpaid Principal Amount at any time after Fifteen (15) years from the Effective Date of this Agreement. The parties agree that the Principal Amount shall be reduced on an annual basis by the Annual Reduction Amount, as defined herein, as determined by the Placer County Auditor, or an outside auditor agreed to in writing by the parties. The Annual Reduction Amount shall be _____ (%) of the total Transient Occupancy Tax revenue received by the County from the Project in the preceding calendar quarter. When the

Principal Amount has been reduced to Zero Dollars (\$0.00), the Promissory Note, Letter of Credit and UCC-1 shall all be cancelled and this Agreement shall be considered fully performed by both parties. In such an event, both parties agree to execute such documents as may be necessary to memorialize performance of this Agreement. If the Principal Amount has not been reduced to Zero Dollars by the end the 15 year Promissory Note term, any remaining unpaid Principal Amount shall be due and owing to the County.

8. Transient Occupancy Tax: Developer shall be responsible for securing a Transient Occupancy Tax (TOT) certificate within thirty (30) calendar days of certificate of occupancy, commencement of advertising for transient occupancy, or when a unit becomes available for rent, whichever is earlier, for each tourist accommodation unit placed into service at the Project. Developer shall attach a unique TAU to each tourist accommodation unit included in the Project and shall inform the County in writing of the TOT identifier and TAU identifier before making the unit available for rent. Developer shall comply with all provisions of the County's Uniform Transient Occupancy Tax ordinance (Placer County Code Article 4.16, the "TOT Ordinance") as such ordinance may be amended from time to time. Developer shall, by March 31 each year for as long as this Agreement is in effect, provide County with audited TOT collection reports, from an auditor or other vendor approved in writing by County. County reserves the right as long as this Agreement is in effect, to perform its own audit, at the County's sole discretion. Developer shall provide, as long as this Agreement is in effect but without limiting Developer's obligation to comply with the TOT Ordinance, County reasonable access to all records associated with unit occupancy, and such other records as otherwise may be requested for County to perform the audit(s) provided for herein.

9. Compliance with Laws: Developer shall comply with all applicable federal, state, regional, County, and local laws, codes, ordinances and regulations, including without limitation those applicable to payment of wages, in carrying out Developer's duties under this Agreement.

10. Indemnity: Developer hereby agrees to protect, defend, indemnify, and hold County free and harmless from any and all losses, claims, liens, demands and causes of action of every kind and character including, but not limited to, the amounts of judgments, penalties, interest, court costs, legal fees, and all other expenses incurred by County arising in favor of any party (including, without limitation, regulatory agencies and/or other governmental entities), including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of County) and without limitation by enumeration, all other claims or demands of every character occurring or in any way incident to, in connection with or arising directly or indirectly out of this Agreement to the extent that the above arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct (all whether by act, error and/or omission) of the Developer Developer's obligation shall include the duty to defend County as set forth in California Civil Code Sections 2778 and 2782.8. This provision is not intended to create any cause of action in favor of any third party against _____ or County or to enlarge in any way Developer's liability but is intended to provide for indemnification of County from liability for damages, costs, expenses, regulatory

charges, and/or injuries to third persons or property arising from Developer’s performance pursuant to this contract or agreement. As used above, the term County means the County of Placer, its officers, agents, employees, and volunteers.

11. Notices: All notices under this Agreement shall be effective upon delivery to Developer or County, as the case may be, by registered or certified mail with receipt of delivery, to the addresses as follows:

To County:

County of Placer
County Executive Office
Attn: Tahoe Incentive Program Manager
175 Fulweiler Ave
Auburn, CA 95603

Copies on any Notice to County shall also be sent to:

County of Placer
Office of County Counsel
Attention: Tahoe Incentive Program Counsel
175 Fulweiler Avenue
Auburn, CA 95603

To Developer:

or such other address as the parties may from time to time designated in writing.

12. Recording of Memorandum: Within five (5) business days of a fully executed Agreement, the County shall record, against the Project and its associated County assessor parcels, a Memorandum of Agreement substantially in the form of Exhibit D attached.

13. Records: Developer acknowledges that the County is a public entity subject to the Ralph M. Brown Act and the Public Records Act (Cal Govt. Code Sec. 54950 et seq and Cal Govt. Code Sec. 6250 et seq, respectively; (collectively the “Acts”)). Developer acknowledges that the terms and conditions of this Agreement are subject to public disclosure as part of the Board of Supervisor’s open session meeting consideration of this Agreement. Developer further acknowledges that this Agreement, and related transaction documents may be subject to public disclosure under the Acts.

14. Disclosures; Binding on Successors: Developer shall disclose to its assigns, heirs and/or successors in interest, the existence of the TAU Property and this Agreement, its terms and conditions, concurrently with the execution of any agreement

affecting the TAU Property and/or the Project. The terms and conditions of this Agreement shall be binding on any and all assigns, heirs and/or successors in interest of Developer. Developer agrees to notify County at least thirty (30) days in advance of any assignment or other transfer of Developer's interest in this Agreement and/or the Project. The County shall have the right to approve or disapprove any such assignment or transfer based on the financial capacity of the assignee or transferee to develop the Project as approved and to meet Developer's obligations under this Agreement, as well as the valid transfer of the Note and all of the security identified herein as may be required by the County.

15. Controlling Law and Venue. This Agreement and all matters relating to it and/or enforcing it shall be governed by the laws of the State of California, and any action brought relating to this Agreement shall be brought exclusively in the Superior Court in the County of Placer, California. Each party waives and federal court removal and/or original jurisdiction rights it may have.

16. Entire Agreement: This Agreement constitutes the complete and entire Agreement of the Parties. Any and all prior written and/or oral communications, including but not limited to correspondence, drafts, memoranda, applications, email, phone conversations, and representations, are superseded in their entirety by this Agreement. The parties agree and acknowledge that the parties have executed, or will execute, that certain "Operations Covenant and Declaration of Covenants and Restrictions" between the parties of even date herewith.

IN WITNESS WHEREOF, the Parties duly authorized signatories have executed this Agreement, on the _____ day of _____, 20__.

COUNTY: County of Placer

By: _____ Date: _____
Print Name: _____
Title: _____

DEVELOPER: _____

By: _____ Date: _____
Print Name: _____
Title: _____

By: _____ Date: _____
Print Name: _____
Title: _____

Approved As to Form

By: _____ Date: _____
County Counsel

- Exhibit A: Project Description
- Exhibit B: Conditions of Approval dated _____
- Exhibit C: Legal Description of Project Site
- Exhibit D: Memorandum of Agreement
- Exhibit E: Promissory Note
- Exhibit F: UCC-1 Financing Statement
- Exhibit G: Letter of Credit

Exhibit A
Project Description

PROJECT LOCATION

Exhibit B

Conditions of Approval

Exhibit C

Legal Description of Project Site

EXHIBIT D

MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

County of Placer
County Executive Office
Attn: Tahoe Incentive Program Manager
175 Fulweiler Ave
Auburn, CA 95603

(Space Above for Recorder's Use Only)

MEMORANDUM OF AGREEMENT

APN(s): _____

THIS MEMORANDUM OF AGREEMENT (this "Memorandum") is made and entered into as of _____, 202_, by and between the COUNTY OF PLACER ("County") and _____ ("Developer").

A. **TERM AND PREMISES.** For the term and upon the provisions set forth in that certain written Tourist Accommodation Unit Transfer Agreement, of even date herewith, between County and Developer (the "Transfer Agreement"), all of which provisions are specifically made a part hereof as though fully and completely set forth herein, County has granted to Developer the right to use certain Tourist Accommodation Unit ("TAU") interests located on property owned by Developer in Placer County, California, as depicted on **Exhibit "A"** attached hereto.

B. **TERM.** The term of the Transfer Agreement commenced on _____, 202_ and shall terminate Fifteen (15) years from that date, unless the Transfer Agreement is extended or sooner terminated as provided in the Transfer Agreement.

C. **PURPOSE OF MEMORANDUM OF AGREEMENT.** This Memorandum is prepared for the purpose of recording and in no way modifies the express provisions of the Transfer Agreement.

IN WITNESS WHEREOF this Agreement has been executed as of the date first written above.

COUNTY: County of Placer

By: _____

Date: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Date: _____

Print Name: _____

Title: _____

By: _____

Date: _____

Print Name: _____

Title: _____

Approved As to Form

By: _____

Date: _____

County Counsel

EXHIBIT E
PROMISSORY NOTE

\$ _____

NOTE

Dated: _____, 202__

Maturity Date: _____, 20__, or such earlier date as provided for by the **Transfer Agreement of even date herewith between County and Borrower**

Having entered into that certain Tourist Accommodation Unit Transfer Agreement (“Transfer Agreement”) of even date herewith between the County of Placer (the “County”) and _____ (the “Borrower”), a _____, Borrower hereby promises to pay to County, in lawful money of the United States of America, _____ Dollars (\$0.00), (hereinafter, the “Principal Amount”), by no later than _____, 20__ (hereinafter, “Maturity Date”).

Pledge; Collateral

This Note is secured a pledge of Transient Occupancy Tax revenues generated by the _____ (__) unit accommodation development, consisting of _____ (__) condo-hotel units and _____ (__) standard hotel rooms, located at _____, CA 9_____, as approved by the County on _____ and as more fully described in the Transfer Agreement (“Project”), as such revenues are described in the Financing Statement executed contemporaneously herewith, a copy of which is attached hereto. This Note is also secured by an irrevocable, no defense letter of credit dated _____, 202__ in favor of the County in the amount of _____ Dollars (\$0.00), a copy of which is attached hereto.

Interest

Borrower agrees to pay interest on the total remaining Principal Amount until such amounts are paid in full at the rate of _____ Percent (%) per annum. Interest charges shall be calculated from the first dated noted above and shall accrue on a quarterly basis based on the total amount due.

Principal Reduction

The Principal Amount shall be reduced on a quarterly basis by the Annual Reduction Amount, as defined in the Transfer Agreement. Borrower agrees and acknowledges that the Transfer Agreement states: “The Annual Reduction Amount shall be _____ (%) of the total Transient Occupancy Tax revenue received by the County from the Project in the preceding calendar year.” When the Principal Amount has been reduced to Zero Dollars (\$0.00), this Note shall be cancelled. If the Principal Amount has not been reduced to Zero Dollars by the Maturity Date, any remaining unpaid Principal Amount shall be due and owing in full to the County.

Actions and Remedies Upon Default

Upon the occurrence of a default, Borrower agrees and acknowledges that the County may take any or all of the actions authorized by the Transfer Agreement, this Note, security for this Note, and/or as otherwise provided by law. In the event of a default, all principal and interest amounts due together with any attorney’s fees incurred by the County in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder or under the Transfer Agreement, notwithstanding anything to the contrary therein, and payment thereof may be enforced and recovered in whole or in part, at any time, by one or more of the remedies provided herein and in the Transfer Agreement.

The remedies of the County, as provided herein and in the Transfer Agreement, may be pursued at the sole discretion of the County and may be exercised as often as occasion therefore shall occur. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The County shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by an authorized representative of the County and then only to the extent specifically set forth in the waiver. A waiver with reference to one event shall not be construed as a continuing waiver or as a bar to or waiver of any right or remedy as to a subsequent event.

Transfer Only to Authorized Successor

This Note is transferable only to a legal successor of Borrower approved the County in accordance with the Transfer Agreement, or as otherwise approved in writing by an authorized representative of the County. This Note shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and attested on its behalf by the manual signatures of its duly authorized officers, all as of the date first set forth above.

BORROWER: _____

By: _____
Print Name: _____
Title: _____

Date: _____

By: _____
Print Name: _____
Title: _____

Date: _____

Exhibit F
UCC-1 Financing Statement

Exhibit G

Irrevocable Standby Letter of Credit

**ISSUER]
[Issuer California Address]**

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

ISSUE DATE: _____, 202__

EXPIRATION DATE: _____, 20__, subject to automatic annual extension

BENEFICIARY:

County of Placer
County Executive Office
Attn: Tahoe Incentive Program Manager
175 Fulweiler Ave
Auburn, CA 95603

APPLICANT:

AMOUNT: _____ Dollars (\$.00)

Ladies and Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit No. _____ in your favor for the account of _____ available for drawings for up to an aggregate amount of USD \$.00 (_____). This Letter of Credit is available for payment upon your draft(s) drawn at sight on us, duly endorsed on the back, and submitted to our office located at _____, CA _____ to the attention of Letter of Credit Services, accompanied by the following:

A statement signed by an authorized representative of the Beneficiary, indicating that the amount drawn under the letter of credit represents an amount unpaid and owed to the Beneficiary by the applicant as follows: "The undersigned hereby certifies that the undersigned is an authorized representative of BENEFICIARY and has the requisite power and authority to sign and deliver this statement on its behalf. BENEFICIARY is authorized to draw the amount set forth in the accompanying sight draft pursuant to the terms of an agreement between BENEFICIARY and BORROWER because BORROWER has failed to

perform in accordance with the terms and conditions of such agreement.”

This Letter of Credit shall expire on _____, 20___, but such expiration date shall be automatically extended, without amendment, for a period of one (1) year from the expiration date set forth above, or any future expiration date, unless at least ninety (90) days before the then current expiration date we notify you in writing at your address indicated above by overnight courier that this Letter of Credit is not extended beyond the then current expiration date. In the event you are so notified, any unused portion of the Letter of Credit shall also be available upon presentation of a sight draft, with no requirement that BENEFICIARY state that BORROWER has failed to perform in accordance with the terms and conditions of the agreement between BENEFICIARY and BORROWER.

We give our undertaking to the Beneficiary that sums drawn under and in compliance with the terms of this Letter of Credit will be duly honored by us on presentation of drawings in accordance with the terms of this Letter of Credit. Any drawings under this Letter of Credit may be made in person or via courier. Payments will be effected by wire transfer in accordance with your written instructions. Partial and multiple drawings are permitted under this Letter of Credit. The original of this Letter of Credit must be presented together with the above documents to endorse the amount of each drawing on the reverse side and will be returned to the Beneficiary unless it is fully utilized. If cancellation of this Letter of Credit is required by the Beneficiary before the then current expiration date, the Original of this Letter of Credit and any amendment(s), must be returned to us accompanied by a dated and signed letter issued on the letterhead of the Beneficiary which requests its cancellation.

This Letter of Credit sets in forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified, or limited by any document, instrument, or agreement referred to herein, or in which this Letter of Credit is referred to, or to which this Letter of Credit relates; and no such reference shall be deemed to incorporate herein by reference any such document, instrument, or agreement.

This Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590. To the extent that it is not inconsistent with said Publications No. 590, this Letter of Credit shall be construed and interpreted in accordance with the laws of the State of California, including the Uniform Commercial code in effect in said State.

All communications to us with respect to this Letter of Credit must be addressed to our office located at _____, CA _____ to the attention of Credit Administration Department. You may also contact us via telephone at (____) _____ - _____ or via fax at (____) _____ - _____ making specific reference to this Standby Letter of Credit No. _____

Very Truly Yours,

[Authorized Representative of Issuer]

EXHIBIT C
Sample Template
Operating Covenant Agreement

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

SAMPLE

County of Placer
County Executive Office
Attn: Tahoe Incentive Program Manager
175 Fulweiler Ave
Auburn, CA 95603

(Space Above This Line for Recorder's Office Use Only)

OPERATIONS COVENANT
AND DECLARATION OF COVENANTS AND RESTRICTIONS

APN(s): _____

THIS OPERATIONS COVENANT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("Agreement" or "Covenant") is made and entered into this ___ day of _____, 202_, by and between the COUNTY OF PLACER, a political subdivision of the State of California ("County"), _____, a _____ ("Owner" or "Participant"), collectively the parties ("Parties").

R E C I T A L S :

A. Whereas, the County adopted its amended North Lake Tahoe Economic Development Incentives Program on _____, 2021 ("Program") for the operation, maintenance and expansion of the inventory of quality Full Service (as defined in the Program) hotels within the North Lake Tahoe area of the County that enhance the tourist and travel experience for visitors to the County, provide attractive and desirable visitor serving facilities and experiences, and assist the County in achieving its tourism goals.

B. Whereas Owner intends to build a _____ (__) unit accommodation development, consisting of _____ (__) condo-hotel units (if applicable) and _____ (__) standard hotel rooms, located at _____, CA 9_____, as approved by the County on _____, 2____ and as more fully described on attached Exhibit A ("Project").

C. Owner holds fee title to certain real property ("Site"), which is more fully described on attached Exhibit C and which is entitled by the County for development of a Full-Service new hotel as described above and which is subject to the Conditions of Approval attached as Exhibit B hereto.

D. Owner has applied for the Program and has provided satisfactory documentation to the County confirming that the Project, as entitled and approved and when completed and under operation, will qualify as a new Full-Service hotel and be entitled to benefits thereof under and pursuant to the Program and this Agreement.

E. County and Owner now desire to place restrictions upon the use and operation of the Project, in order to ensure that the Project shall be operated continuously as a hotel available for short-term rental for the term of this Agreement.

F. County and Owner also agree that in return for participation in the Program, Owner shall agree to operate the Project as a hotel consistent with the terms of this Agreement and (if applicable) that certain Tourist Accommodation Unit Transfer Agreement between the parties of even date herewith ("TAU Agreement") and County agrees to rebate to Owner a percentage of Transient Occupancy Tax Increment pursuant to Program guidelines as described herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner hereby conveys to the County the Operating Covenants described herein and County hereby agrees to provide Participant with funds as provided under the Program and as set forth hereinafter.

ARTICLE 1 STATEMENT OF OPERATING COVENANTS

1.1. OPERATION AND USE COVENANT. Upon occupancy, Owner covenants to operate, maintain, and use the Owner's Hotel in accordance with this Agreement. All uses conducted on the Site, including, without limitation, all activities undertaken by the Owner pursuant to this Agreement shall, in all material respects, conform to requirements of this Agreement, the Placer County Code, and the Project Conditions of Approval.

1.2. HOTEL USE. The Owner hereby agrees that the Project is to be owned, managed, and operated as a Full Service hotel, and the Project's participation in the Program shall continue in accordance with the terms of the Program, for a term equal to _____ (___) years commencing upon the date Owner first receives from the County the Owner's share of transient occupancy tax revenues pursuant to the Program, unless Owner's participation in the Program is terminated prior thereto in accordance with this Agreement (the "Term"). During the Term, County shall pay to Owner, by March 31 of each year after receipt from Owner of all TOT taxes owed by Owner for the prior calendar year pursuant to the Placer County Code an amount equal to _____ percent (___%) of such annual payments.

1. Housing Uses Prohibited. None of the rooms in the Project, except as specifically allowed by the Project's Conditions of Approval, will at any time be utilized as a non-transient residential property including dormitory or rooming house without the County's

prior written consent which consent may be given or withheld in its sole and absolute discretion.

2. Conversion of Project. Except as specifically allowed by the Project's Conditions of Approval, no part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with the conversion to such ownership or uses to condominiums, or to any other form of ownership, without the prior written approval of the County which approval may be given or withheld in its sole and absolute discretion.

3. Any and all condo-hotel units/rooms, shall be limit to the number of days per year their owners may occupy said unit(s)/room(s), to 90 calendar days per year, with no more than 30 days being consecutive, by way of deed restrictions pursuant to and contingent upon project approvals. This provision may apply to all or only a portion of condos within a development, subject to project conditions of approval.

4. Projects that include condo-hotel participation shall require the developer/manager to provide a single point of contact via professional rental management of all project units, so that there is a single source of TOT tracking and remittance during the entirety of the rebate program period.

ARTICLE 2 WARRANTIES AND COVENANTS

2.1. WARRANTIES AND COVENANTS. For the Term of this Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

1. Owner has completed the County's application for the Program. Since the Project will be a new hotel, County has determined the Transient Occupancy Tax Base to be used to calculate the Transient Occupancy Tax Increment shall be zero, and the Owner accepts such Transient Occupancy Tax Base.

ARTICLE 3 MAINTENANCE

3.1. MAINTENANCE.

1. Maintenance Obligation. Owner, for itself and its successors and assigns, hereby covenants and agrees to maintain and repair or cause to be maintained and repaired the Site and all related on-site improvements and landscaping thereon, including, without limitation, buildings, parking areas, lighting, signs and walls in a Full Service condition and repair, free of rubbish, debris and other hazards to persons using the same, and in accordance with all applicable laws, rules, ordinances and regulations of all federal, state, and local bodies and agencies having jurisdiction, at Owner's sole cost and expense. Such maintenance and repair shall include, but not be limited to, the following: (i) sweeping and trash removal; (ii) the care and replacement of all shrubbery, plantings, and other landscaping in a healthy condition; and (iii) the repair, replacement and restriping of asphalt or concrete paving using the same type of material originally

installed, to the end that such paving at all times be kept in a level and smooth condition. In addition, Owner shall be required to maintain the Project in such a manner as to avoid the reasonable determination of a duly authorized official of the County that a public nuisance has been created by the absence of adequate maintenance such as to be detrimental to the public health, safety or general welfare or that such a condition of deterioration or disrepair causes appreciable harm or is materially detrimental to property or improvements within one thousand (1,000) feet of such portion of the Site. The foregoing notwithstanding, Owner shall not be obligated to maintain any street or sidewalk areas, or landscaping therein, which are to be maintained by the County.

2. Parking and Driveways. The driveways and traffic aisles on the Site shall be kept clear and unobstructed at all times.

3. Right of Entry. In the event Owner fails to maintain the Site in the abovementioned condition, and satisfactory progress is not made in correcting the condition within thirty (30) days from the date of written notice from County (such notice shall reasonably identify the required maintenance), County may, at County's option, and without further notice to Owner, declare the unperformed maintenance to constitute a public nuisance. Thereafter, either County or its employees, contractors, or agents, may cure Owner's default by entering upon the Site and performing the necessary landscaping and/or maintenance in accordance with Section 3.1.1 above. The County shall give Owner, its representative, or the residential manager reasonable notice of the time and manner of entry, and entry shall only be at such times and in such manner as is reasonably necessary to carry out this Agreement. Owner shall pay such costs as are reasonably incurred by County for such maintenance, including attorneys' fees and costs.

4. Lien. If any costs incurred by County under Section 3 above are not reimbursed within thirty (30) days after Owner's receipt of County's written request for reimbursement, the same shall be deemed delinquent, and the amount thereof shall bear interest thereafter at a rate of the lower of ten percent (10%) per annum or the legal maximum until paid. Any and all delinquent amounts, together with said interest, costs and reasonable attorney's fees, shall be an obligation of Owner as well as a lien and charge, with power of sale, upon the property interests of Owner, and the rents, issues and profits of such property. County may bring an action at law against Owner obligated to pay any such sums or foreclose the lien against Owner's property interests. Any such lien may be enforced by sale by the County following recordation of a Notice of Default of Sale given in the manner and time required by law as in the case of a deed of trust; such sale to be conducted in accordance with the provisions of Section 2924, et seq., of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. Any monetary lien provided for herein shall be subordinate to any bona fide mortgage or deed of trust covering an ownership interest or leasehold or subleasehold estate in and to any portion of the Site, and any purchaser at any foreclosure or trustee's sale (as well as any deed or assignment in lieu of foreclosure or trustee's sale) under any such mortgage or deed

of trust shall take title free from any such monetary lien, but otherwise subject to the provisions hereof; provided that, after the foreclosure of any such mortgage and/or deed of trust, all other assessments provided for herein to the extent they relate to the expenses incurred subsequent to such foreclosure, assessed hereunder to the purchaser at the foreclosure sale, as owner of the subject Site after the date of such foreclosure sale, shall become a lien upon such Site upon recordation of a Notice of Assessment or Notice of Claim of Lien as herein provided. In the event of any such foreclosure, County (or successor) agrees to and shall recognize and honor any existing commercial (non-transient occupancy) leases in effect with respect to portions of the Project, provided that commercial tenants of such leases agree to subordinate and attorn to County (or successor) as the new landlord with respect to such leases.

ARTICLE 4 COMPLIANCE WITH LAWS

4.1. COMPLIANCE WITH LAWS. Owner shall comply with all ordinances, regulations and standards of the County and County applicable to the Site. Owner shall comply with all rules and regulations of any assessment district or other financing mechanism of the County with jurisdiction over the Site.

ARTICLE 5 NONDISCRIMINATION

5.1. NONDISCRIMINATION. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, gender, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall Owner, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of guests or vendees of the Site, or any part thereof.

ARTICLE 6 COVENANTS TO RUN WITH THE LAND

6.1. COVENANTS TO RUN WITH THE LAND. Owner hereby subjects the Site to the covenants, reservations, and restrictions set forth in this Agreement. County and Owner hereby declare their express intent that all such covenants, reservations, and restrictions shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Site; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. All covenants without regard to technical classification or designation shall be binding for the benefit of the County, and such covenants shall run in favor of the County for the entire term of this Agreement, without regard to whether the County is or remains an owner of any land or interest therein to which such covenants relate. Each and every contract, deed or other instrument hereafter executed covering or conveying the Site or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations, and restrictions are set forth in such contract, deed or other instrument. County and Owner hereby declare their understanding and

intent that the burden of the covenants set forth herein touch and concern the land in that Owner's legal interest in the Site is rendered less valuable thereby. County and Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by the intended beneficiaries of such covenants, reservations, and restrictions, and by furthering the public purposes for which the County was formed. Owner, in exchange for the County entering into this Agreement, hereby agrees to hold, sell, and convey the Site subject to the terms of this Agreement. Owner also grants to the County the right and power to enforce the terms of this Agreement against the Owner and all persons having any right, title or interest in the Site or any part thereof while such party owns the Site. No party shall have any liability or obligation in connection with any breach occurring while such party is not the owner of the Site. Within fifteen (15) business days after request of Owner, County shall execute and provide to Owner an estoppel certificate, in the form approved by the County Attorney of the County, confirming whether or not Owner is in breach of any obligations under this Agreement and identifying any required cure.

ARTICLE 7 INDEMNIFICATION AND OTHER PROVISIONS

7.1. INDEMNIFICATION. Owner agrees for itself and its successors and assigns to indemnify, defend, and hold harmless County and its respective officers, members, officials, employees, agents, volunteers, and representatives from and against any loss, liability, claim, or judgment to or by any third party relating to development and/or operation of the Project by Owner, excepting only any such loss, liability, claim, or judgment arising solely out of the intentional wrongdoing or gross negligence of County or its respective officers, officials, employees, members, agents, volunteers, or representatives. Owner, while in possession of the Site, and each successor or assign of Owner while in possession of the Site, shall remain fully obligated for the payment of property taxes and assessments in connection with the Site. The foregoing indemnification, defense, and hold harmless agreement shall only be applicable to and binding upon the party then owning the Site or applicable portion

7.2. AMENDMENTS. This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Placer.

7.3. NOTICES. All notices under this Agreement shall be effective upon delivery to County or Owner, as the case may be, by registered or certified mail with receipt of delivery, to the addresses as follows:

To County:

County of Placer
County Executive Office
Attn: Tahoe Incentive Program Manager
175 Fulweiler Ave

Auburn, CA 95603

Copies on any Notice to County shall also be sent to:

County of Placer
Office of County Counsel
Attention: Tahoe Incentive Program Counsel
175 Fulweiler Avenue
Auburn, CA 95603

To Owner

or such other address as the parties may from time to time designated in writing.

7.4. SEVERABILITY/WAIVER/INTEGRATION

1. Severability. If any provision of this Agreement or portion thereof, or the application to any person or circumstances, shall to any extent be held invalid, inoperative, or unenforceable, the remainder of the provisions, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby; provided, that if any material terms or provisions of these Operating Covenants are rendered invalid, void and/or unenforceable, or due to changes in the law such terms or provisions would materially alter the terms of the transactions contemplated herein, the parties agree to meet and negotiate in good faith to attempt to reform these Operating Covenants to accomplish the intent of the parties.

2. Waiver. A waiver by either party of the performance of any covenant or condition herein shall not invalidate this Agreement nor shall it be considered a waiver of any other covenants or conditions, nor shall the delay or forbearance by either party in exercising any remedy or right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

3. Integration. This Agreement contains the entire Agreement between the parties and neither party relies on any warranty or representation not contained in this Agreement.

4. Third Parties. No third party beneficiaries are intended, and the only parties who are entitled to enforce the provisions of these Operating Covenants are the County, Mortgagees, Participant and their respective successors and assigns.

7.5 CONTROLLING LAW AND VENUE. This Agreement and all matters relating to it and/or enforcing it shall be governed by the laws of the State of California, and any action brought relating to this Agreement shall be brought exclusively in the Superior

Court in the County of Placer, California. Each party waives and federal court removal and/or original jurisdiction rights it may have.

7.6. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall constitute one original and all of which shall be one and the same instrument.

7.7. TERMINATION. This Agreement may be terminated only (i) by and upon expiration of the Term, (ii) by mutual written agreement of the parties, and (iii) by and pursuant to the provisions of Section 7.8 or 7.9 below. In the event of any such termination, Owner (or its successor, as applicable) shall not be obligated to return any amounts previously paid to it by the County pursuant to the Program.

7.8 DEFAULT BY OWNER. If at any time during the Term, County contends that Owner has committed a material default with respect this Agreement, e.g., by failing to operate the Hotel as Full-Service hotel, County shall deliver to Owner written notice of default which specifies in detail all facts alleged by County to constitute such default. For a period of thirty days thereafter, Owner will have the right to commence and complete cure of the alleged default; provided, however, if the alleged default is of such a nature as to reasonably require more than sixty days to cure, and the Parties so agree, Owner will have such addition time as is reasonably necessary to complete such cure. Subject to Section 7.10 below, if Owner fails to timely cure such default, County shall then have the right to terminate this Agreement. (To the extent of any inconsistency between the provisions of this Section 7.8 and the provisions of Section 3.1 above, the provisions of this Section 7.9 shall prevail.)

7.9 DEFAULT BY COUNTY. If at any time during the Term, Owner contends that County has committed a material default with respect this Agreement, Owner may deliver to County written notice of default which specifies in detail all facts alleged by Owner to constitute such default. For a period of thirty days thereafter, County will have the right to commence and complete cure of the alleged default; provided, however, if the alleged default is of such a nature as to reasonably require more than sixty days to cure, and the Parties so agree, County will have such addition time as is reasonably necessary to complete such cure. Subject to Section 7.10 below, if County fails to timely cure such default, Owner shall then have the right to terminate this Agreement or exercise any and all other rights and remedies available at law and in equity, and each of such rights and remedies shall be cumulative and not exclusive.

7.10 MORTGAGE PROVISIONS. Anything in this Agreement to the contrary notwithstanding, with respect to any recorded mortgage or deed of trust given in good faith and for value and encumbering the Hotel ("Mortgage"), any holder thereof that has delivered to County a copy of such recorded Mortgage and current contact information ("Mortgagee") will be entitled rights and benefits in accordance with the following:

1. County acknowledges and agrees that the rights and obligations of Owner under this Agreement may, with or without approval by County, be conditionally assigned by Owner to any Mortgagee as security for performance of Mortgage obligations.

2. While any Mortgage remains in effect, County will not amend or modify this Agreement in any material respect without receiving prior written approval from Mortgagee, which approval may not be unreasonably withheld, delayed or conditioned; provided, however, failure by Mortgagee to provide written approval or disapproval (and if disapproval the reasons therefor) within thirty days of delivery of request therefor shall be deemed to constitute approval by Mortgagee.

3. While any Mortgage remains in effect, in the event County delivers to Owner of any notice of default as referenced in either Section 3.1 or 7.8 above, County shall concurrently deliver a copy thereof to Mortgagee.

4. Delivery of any such notice of default notwithstanding, County will not terminate or initiate or pursue any action to terminate this Agreement as long as Mortgagee diligently (i) declares a default by Owner under the Mortgage, (ii) pursues foreclosure and/or other appropriate actions under the Mortgage, (iii) pays to County all amounts that would otherwise have been payable by Owner to County, and (iv) cures non-monetary defaults.

5. Anything in this Agreement to the contrary notwithstanding, the following shall apply: If, by proceedings by or against Owner in bankruptcy or otherwise, this Agreement is terminated, and within a reasonable time (not to exceed one year) thereafter, the Hotel is acquired by Mortgagee (or successor), by foreclosure, deed in lieu of foreclosure, or otherwise, County will, upon written request of Mortgagee (or successor), and payment by Mortgagee (or successor) of all amounts that County would have received if no termination had occurred, reinstate this Agreement in the name and in favor of Mortgagee (or a successor), or enter into a new agreement with Mortgagee (or successor) on essentially the same terms and conditions as contained herein. The provisions of this Subsection 5 shall not apply where the grounds for termination is failure to maintain the Site as a Full-Service hotel declared by the County prior to (1) filing bankruptcy and (2) service of a notice of bankruptcy on the County in the manner provided under law.

7.11 Operator Provisions. County acknowledges and agrees that operational obligations of Owner may, with or without consent of County, be assigned by Owner to a Hotel Operator of Owner's choice, and, in connection therewith, such Hotel Operator may assume all or part of Owner's Hotel operation obligations under this Agreement; provided, however, Owner shall retain ultimate responsibility for such Hotel operation obligations. County agrees that while any Hotel Operator agreement is in effect, and provided that County has been put on notice of such agreement and received contact information for such Operator, in the event County delivers to Owner of any notice of

default as referenced in either Section 3.1 or 7.8 above, County shall concurrently deliver a copy thereof to the Operator.

7.12. Records: Owner acknowledges that the County is a public entity subject to the Ralph M. Brown Act and the Public Records Act (Cal Govt. Code Sec. 54950 et seq and Cal Govt. Code Sec. 6250 et seq, respectively; (collectively the "Acts")). Owner acknowledges that the terms and conditions of this Agreement are subject to public disclosure as part of the Board of Supervisor's open session meeting consideration of this Agreement. Owner further acknowledges that this Agreement, and related transaction documents may be subject to public disclosure under the Acts.

7.13 Cooperation. Each party agrees to and shall do and perform such other and further acts and properly execute and deliver such other and further documents as may be reasonably necessary, expedient or convenient to implement and/or effectuate the intents and purposes hereof. County and Owner agree to cooperate with each other and/or with any Mortgagee or proposed Mortgagee, in a manner consistent with concepts and principles of good faith, fair dealing and commercial reasonableness, with respect to consideration, implementation and execution of any modification(s) to this Agreement reasonably requested by the County, Owner, Mortgagee or proposed Mortgagee.

7.14 Reasonable Approvals. Whenever this Agreement requires or calls for the approval or consent of any party hereto, such approval shall not be unreasonably withheld, delayed or conditioned.

7.15 Incorporation of Recitals and Exhibits. Each of the recitals set forth above and each of the exhibits attached hereto are agreed to and made part of this Agreement.

7.16 Authority. Each party represents and warrants to the other that such party has full right, power and authority to sign, execute and enter into this Agreement and that the County and Owner have executed this Agreement by duly authorized representatives on the date first written hereinabove.

IN WITNESS WHEREOF, the Parties duly authorized signatories have executed this Agreement, on the ____ day of _____, 20__.

COUNTY: County of Placer

By: _____ Date: _____
Print Name: _____
Title: _____

OWNER: _____

By: _____ Date: _____
Print Name: _____

Title: _____

By: _____

Date: _____

Print Name: _____

Title: _____

Approved As to Form

By: _____

Date: _____

County Counsel

[END OF SIGNATURES;
NOTARIAL ACKNOWLEDGMENTS ON PAGES TO FOLLOW]

Exhibit A: Project Description

Exhibit B: Conditions of Approval dated _____

Exhibit C: Legal Description of Project Site

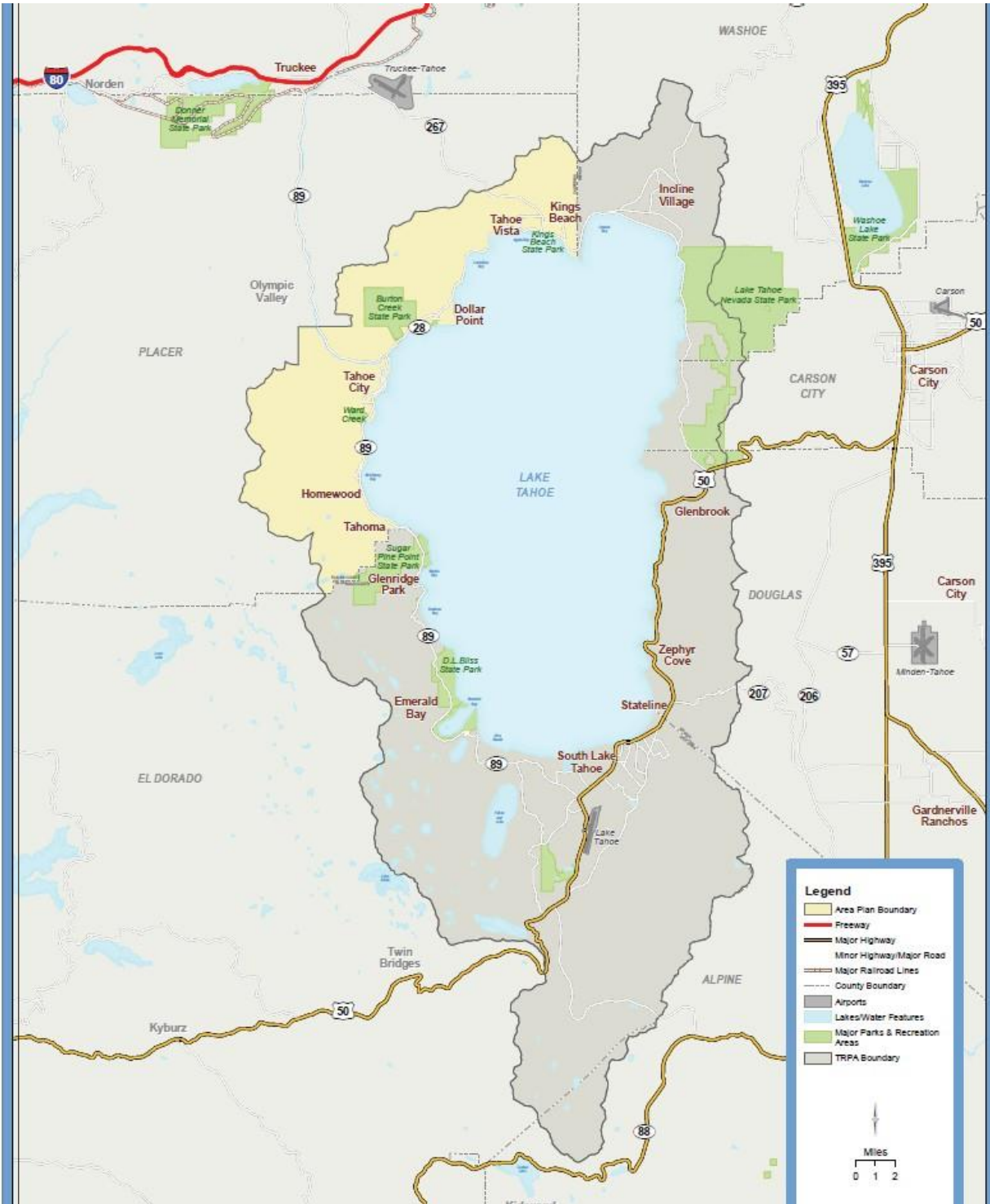
Exhibit A
Project Description

Exhibit B
Conditions of Approval

Exhibit C

Legal Description of Project Site

EXHIBIT D PLACER COUNTY NORTH LAKE TAHOE BASIN AREA PLAN MAP



PLACER COUNTY NORTH LAKE TAHOE BASIN TOWN CENTER AND VILLAGE CENTER MAPS

