



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE OFFICE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Holly L. Heinzen, Interim County Executive Officer
By: Jennifer Merchant, Principal Management Analyst
DATE: March 13, 2012
SUBJECT: Acquisition and Management of the Tahoe City Golf Course

ACTION REQUESTED:

Request your Board:

- 1) Approve a resolution (Attachment A) designating that up to \$100,000 in funding from the Open Space Fund will be dedicated toward the purchase of the Tahoe City Golf Course;
- 2) Direct staff to initiate the TOT Infrastructure Fund allocation process to ensure availability of funding for the Kings Beach Commercial Core Improvement Project, and return to your Board no later than April 10 for approval;
- 3) Approve the Tahoe City Public Utility District's funding agreement (Attachment B) with the outlining the expenditure of various Placer County funds toward purchase of the Tahoe City Golf Course;
- 4) Approve a Memorandum of Understanding (Attachment C) for the planning and management of the Golf Course.

BACKGROUND:

The Tahoe City Public Utility District (TCPUD) reached agreement in late November 2011 to purchase the Tahoe City Golf Course for \$5 million. The Tahoe City Golf Course, the largest land holding in Tahoe City, has been part of the community since 1917. Five parcels comprising approximately 45 acres are an integral centerpiece of the community and any future economic development efforts. The TCPUD has worked since then to create a funding partnership, short term operational plans and negotiate further price reductions. The current estimated purchase price is \$4.7 million. Escrow is expected to close in early April.

Your Board on February 28, 2012 agreed with the North Lake Tahoe Resort Association recommendation carried forward by County Executive Office staff to allocate up to \$2.6 million in TOT funds toward the Golf Course purchase; however, your Board also directed staff to work with the Resort Association to develop a preferred financing methodology to allow flexibility in funding needed for the County-prioritized Kings Beach Commercial Core Improvement Project (KBCCIP), that also recognizes fluctuations in future TOT revenues and addresses potential cash flow issues.

Recognizing the KBCCIP remains one of the highest priority Tahoe area capital projects and that the project currently has a \$10 million shortfall, staff was directed to address concerns to ensure that infrastructure funding would be available for high priority projects over the next several years. Two financing scenarios were proposed to the Resort

Association to address these points, including a low interest loan option with interest to be paid when funds were actually needed, or an interest-free KBCCIP project earmark from currently undesignated funds. The Resort Association Board approved and forwarded a revised agreement. As written, County staff is reluctant to recommend this proposed agreement. The proposal does not provide for or recognize that with the \$2.495 allocation toward the purchase of the Tahoe City Golf Course, that funds would ultimately be available for the KBCCIP. At the same time, the proposal appears to commit the County to providing a low interest loan or advance in the future.

CEO staff believes that an alternative approach would better meet the County and Resort Association interests. While obviously the statutory authority for designating these funds resides with the Board of Supervisors, staff suggests that use of TOT infrastructure funds for the KBCCIP be proposed and reviewed consistent with our primary agreement with the Resort Association. Department of Public Works staff would immediately initiate that capital project funding process and CEO staff would return to your Board with a request to earmark currently undesignated Infrastructure Funds held in the County treasury for the KBCCIP. As KBCCIP project funding sources are further refined or realized, should additional funding be required, your Board may consider future funding allocations and financing options as may be warranted. The County's interests are then met in formally setting aside funds for the Kings Beach project, County concerns regarding available funding and cash flow are diminished and there is no obligation for the County to provide advance funding.

As identified in the February 28, 2012 staff report, other funds are also necessary to attain the current \$4.7 million property purchase, including those from other agencies and Placer County mitigation fees. The TCPUD has also requested County participation in the Golf Course purchase through dedication of open space and wetlands mitigation fees. A letter requesting additional funds is attached to this staff report (Attachment D).

The Golf Course property is the largest privately-held property in Tahoe City, and as such has intrinsic value because of its unique position as an adjacent open space buffer along the downtown commercial core. A vast majority of the property is classified as a stream environment zone and therefore has limited if any development potential, but conversely a high value as an open space and recreation corridor. Winter recreation opportunities are also likely to be considered during community planning processes, which increases year-round recreation potential. The TCPUD plans to contract the operation of the golf course, clubhouse, restaurant and bar during summer months for a minimum of five years, as the long term planning process for the property is underway. The property would be accessible to the public for a range of active passive recreational activities.

Open Space funding was established with preservation of properties such as the Tahoe City Golf Course in mind. Open space funding, by resolution, is in part intended to conserve access to a variety of outdoor recreation opportunities, separate urban areas into distinct communities and ensure public safety. The allocation of these funds toward the purpose of the Golf Course will move toward attainment of each of these objectives.

The TCPUD also plans to return to the Recreation Commission and your Board to re-direct a portion of Park Dedication Fees it had initially received for the Homewood Bike Trail for allocation toward the Golf Course purchase. Because the process for that request is not likely to occur until after escrow on the property has closed, the TCPUD is willing to advance its own funds to close the short term funding gap.

While the TCPUD took the lead on the purchase, they did so with the intention to create a funding partnership with other local agencies, including Placer County, the Truckee Tahoe Airport District, and the NLTRA. A Memorandum of Understanding between the parties that sets forth individual and joint interests in the property, as well as how those interests will be cooperatively implemented and protected, and is also attached to this memo for your Board's consideration and approval.

The County's interest in participating with the property purchase is in the open space and recreational opportunities the property presents, in addition to potential future economic development opportunities toward development of visitor serving capital facilities onsite, as well as improved traffic circulation and parking for the downtown core, and related environmental benefits. The Resort Association shares in many of the County interests and the TCPUD's interest is in maintaining and improving recreation opportunities to area residents. The Truckee Tahoe Airport District has indicated its interest to participate as a funding partner in exchange for consideration of a location for an emergency services heli-pad on a developable portion of the Golf Course property adjacent to the new Tahoe City fire station.

Staff is recommending that the Board of Supervisors:

1. Approve a resolution (Attachment B) designating that up to \$100,000 in funding from the Open Space Fund will be dedicated toward the purchase of the Tahoe City Golf Course;
2. Direct staff to initiate the TOT Infrastructure Fund allocation process to ensure availability of funding for the KBCCIP, and return to your Board no later than April 10 for approval; and
3. Approve a TCPUD funding agreement (Attachment B) with the outlining the expenditure of various Placer County funds toward purchase of the Tahoe City Golf Course; and
4. Approve a Memorandum of Understanding (Attachment C) for the planning and management of the Golf Course.

Attachments: A. Open Space Resolution
B. TCPUD Funding Agreement
C. Memorandum of Understanding
D. Funding Request letter
Resort Association Proposed Funding Agreement

Before the Board of Supervisors County of Placer, State of California

In the matter of: A RESOLUTION TO PROVIDE OPEN SPACE FEES TOWARD THE PURCHASE OF THE TAHOE CITY GOLF COURSE FOR THE PURPOSES OF PRESERVING OPEN SPACE AND RECREATION ACCESS.

Resol. No: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on _____ by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, on February 28, 2012, the Board of Supervisors agreed to provide a contribution of up to \$2.6 million in Transient Occupancy Tax dollars toward the Tahoe City Public Utility District's purchase of the Tahoe City Golf Course; and

WHEREAS, as part of that action it was acknowledged that additional Placer County fees might also be allocated toward the Golf Course purchase; and

WHEREAS, Open Space funds are, in part to preserve open space, separate urban areas into distinct communities, provide access to a variety of outdoor recreation opportunities, and to ensure public safety; and

WHEREAS, Placer County will enter into a Memorandum of Understanding with the purchaser, Tahoe City Public Utility District, and other funding partners, including the North Lake Tahoe Resort Association and the Truckee Tahoe Airport District to ensure those objectives are met; and

WHEREAS, additional funds are necessary to fund the expected total \$4,700,000 purchase price; and

WHEREAS, Placer County is agreeable to dedicating Open Space fees collected to fund a portion of the County's contribution; and

WHEREAS, the Tahoe City Golf Course is the largest privately held property in Tahoe City and is uniquely situated as an adjacent open space buffer along the commercial core.

NOW, THEREFORE, be it resolved that the Board of Supervisors of the County of Placer hereby resolves to provide up to \$100,000 in Open Space funds toward the Purchase of the Tahoe City Golf Course for the purposes of preserving open space, providing recreation access and to ensure public safety.

AGREEMENT NO. _____

DESCRIPTION: FUNDING AGREEMENT BETWEEN THE TAHOE CITY PUBLIC UTILITY DISTRICT AND THE COUNTY OF PLACER FOR PURCHASE OF TAHOE CITY GOLF COURSE PROPERTY

THIS AGREEMENT, made and entered into this _____ day of _____, 2012, by and between the COUNTY OF PLACER, hereinafter referred to as "COUNTY," and the TAHOE CITY PUBLIC UTILITY DISTRICT, hereinafter referred to as "TCPUD," to effect the purchase by TCPUD of the real property commonly known as the Tahoe City Golf Course Property.

WITNESSETH

WHEREAS, TCPUD has entered into an agreement to purchase real property commonly known as the Tahoe City Golf Course, APN 094-050-03, 094-540-11, 094-540-12, 094-020-06 and 094-060-016, and,

WHEREAS, TCPUD has requested the County's assistance in helping to fund the cost of this acquisition; and

WHEREAS, TCPUD has entered into a Memorandum of Understanding with the County and other parties regarding the proposed use and planning process for the property, which is attached to this agreement; and,

WHEREAS, County has agreed to contribute to this acquisition under the terms of the attached Memorandum of Understanding with TCPUD.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES HEREIN CONTAINED, IT IS AGREED AS FOLLOWS:

1. County agrees to deposit, by March 31, 2012, or by such later date as TCPUD may direct, up to the amount of Two Million, Six Hundred Ninety-Five Thousand Dollars (**\$2,695,000.00**) into an escrow account identified by TCPUD (the "County Contribution"). TCPUD agrees to use the County Contribution toward the purchase price in the manner set out in the Memorandum of Understanding among all parties to this acquisition funding agreement. If the purchase does not close escrow, resulting in ownership by TCPUD, **by June 30, 2012** TCPUD shall direct the escrow holder to return the County Contribution to the County.
2. TCPUD shall comply with the California Environmental Quality Act (CEQA—Public Resources Code Section 21000 et seq.) with regard to any of the activities involving the expenditure of funds received by TCPUD hereunder.
3. Completion of purchase set forth in Paragraph 1 herein shall occur **no later than** June 30, 2012, unless written request for extension is received from TCPUD and approved in writing by the County Executive Officer.
4. COUNTY **disclaims any ownership interest** in the property purchased and/or in the operation of the golf course included in the purchase pursuant to this Agreement. However, the County Contribution preserves the public benefits and participation in the planning process for future use of the property as described in the attached Memorandum of Understanding.

5. TCPUD, at its sole cost and expense, shall provide all necessary maintenance and repair to facilities purchased, improved and/or installed under this Agreement.
6. TCPUD agrees that funds granted to it for the purchase of the property shall not be used for any purpose not specified in this Agreement, and the Memorandum of Understanding.
7. All notices to either party that may be required or authorized by this Agreement shall be in writing by electronic means and either deposited in the United States Mail, postage prepaid, or personally delivered. The notice shall be effective upon the date of personal delivery or date of mailing. Notices regarding this Agreement shall be sent or delivered to TCPUD or COUNTY at:

COUNTY: Placer County Executive Office
175 Fulweiler Avenue
Auburn, CA 95603

TCPUD: General Manager
Tahoe City Public Utility District
P.O. Box 5249
Tahoe, CA 96145

The parties may amend their addresses for notice by notifying the other parties in writing.

8. Hold Harmless and Indemnification Agreement:

The TCPUD hereby agrees to protect, defend, indemnify, and hold PLACER 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 PLACER COUNTY arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the 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, the contract or agreement. TCPUD agrees to investigate, handle, respond to, provide defense for, and defend any such claims, demand, or suit at the sole expense of the TCPUD. TCPUD also agrees to bear all other costs and expenses related thereto, even if the claim or claims alleged are groundless, false, or fraudulent. This provision is not intended to create any cause of action in favor of any third party against TCPUD or the COUNTY or to enlarge in any way the TCPUD'S liability but is intended solely to provide for indemnification of PLACER COUNTY from liability for damages or injuries to third persons or property arising from TCPUD'S performance pursuant to this contract or agreement.

As used above, the term PLACER COUNTY means Placer County or its officers, agents, employees, and volunteers.

9. Insurance:

TCPUD shall file with COUNTY concurrently herewith a Certificate of Insurance, in companies acceptable to COUNTY, with a Best's Rating of no less than A-VII showing:

Worker's Compensation and Employers Liability Insurance:

Worker's Compensation Insurance shall be provided as required by any applicable law or regulation. Employer's liability insurance shall be provided in amounts not less than one million dollars (\$1,000,000) each accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit for bodily injury by disease, and one million dollars (\$1,000,000) each employee for bodily injury by disease.

If there is an exposure of injury to TCPUD'S employees under the U.S. Longshoremen's and Harbor Worker's Compensation Act, the Jones Act, or under laws, regulations, or statutes applicable to maritime employees, coverage shall be included for such injuries or claims.

Each Worker's Compensation policy shall be endorsed with the following specific language:

Cancellation Notice - "This policy shall not be changed without first giving thirty (30) days prior written notice and ten (10) days prior written notice of cancellation for non-payment of premium to the County of Placer".

Waiver of Subrogation - The workers' compensation policy shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the County, its officers, directors, officials, employees, agents or volunteers, which might arise by reason of payment under such policy in connection with performance under this agreement by the TCPUD.

TCPUD shall require all subcontractors to maintain adequate Workers' Compensation insurance. Certificates of Workers' Compensation shall be filed forthwith with the County upon demand.

General Liability Insurance:

- A. Comprehensive General Liability or Commercial General Liability insurance covering all operations by or on behalf of TCPUD, providing insurance for bodily injury liability and property damage liability for the limits of liability indicated below and including coverage for:
 - (1) Contractual liability insuring the obligations assumed by TCPUD in this Agreement.
- B. One of the following forms is required:
 - (1) Comprehensive General Liability;
 - (2) Commercial General Liability (Occurrence); or
 - (3) Commercial General Liability (Claims Made).
- C. If TCPUD carries a Comprehensive General Liability policy, the limits of liability shall not be less than a Combined Single Limit for bodily injury, property damage, and Personal Injury Liability of:
 - One million dollars (\$1,000,000) each occurrence
 - Two million dollars (\$2,000,000) aggregate
- D. If TCPUD carries a Commercial General Liability (Occurrence) policy:

- (1) The limits of liability shall not be less than:
 - One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage)
 - One million dollars (\$1,000,000) for Products-Completed Operations
 - Two million dollars (\$2,000,000) General Aggregate
- (2) If the policy does not have an endorsement providing that the General Aggregate Limit applies separately, or if defense costs are included in the aggregate limits, then the required aggregate limits shall be two million dollars (\$2,000,000).

E. Special Claims Made Policy Form Provisions:

TCPUD shall not provide a Commercial General Liability (Claims Made) policy without the express prior written consent of COUNTY, which consent, if given, shall be subject to the following conditions:

- (1) The limits of liability shall not be less than:
 - One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage)
 - One million dollars (\$1,000,000) aggregate for Products Completed Operations
 - Two million dollars (\$2,000,000) General Aggregate
- (2) The insurance coverage provided by TCPUD shall contain language providing coverage up to one (1) year following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims-made policy.

Conformity of Coverages - If more than one policy is used to meet the required coverages, such as a separate umbrella policy, such policies shall be consistent with all other applicable policies used to meet these minimum requirements. For example, all policies shall be Occurrence Liability policies or all shall be Claims Made Liability policies, if approved by the County as noted above. In no cases shall the types of policies be different.

Endorsements:

Each Comprehensive or Commercial General Liability policy shall be endorsed with the following specific language:

- A. "The County of Placer, its officers, agents, employees, and volunteers are to be covered as insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Agreement."
- B. "The insurance provided by the TCPUD, including any excess liability or umbrella form coverage, is primary coverage to the County of Placer with respect to any insurance or self-insurance programs maintained by the County of Placer and no insurance held or owned by the County of Placer shall be called upon to contribute to a loss."

- C. "This policy shall not be changed without first giving thirty (30) days prior written notice and ten (10) days prior written notice of cancellation for non-payment of premium to the County of Placer"

Automobile Liability Insurance:

Automobile Liability insurance covering bodily injury and property damage in an amount no less than one million dollars (\$1,000,000) combined single limit for each occurrence.

Covered vehicles shall include owned, non-owned, and hired automobiles/trucks.

Additional Requirements:

Premium Payments - The insurance companies shall have no recourse against the COUNTY and funding agencies, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by a mutual insurance company.

Policy Deductibles - The TCPUD shall be responsible for all deductibles in all of the TCPUD'S insurance policies. The maximum amount of allowable deductible for insurance coverage required herein shall be \$25,000.

TCPUD'S Obligations - TCPUD'S indemnity and other obligations shall not be limited by the foregoing insurance requirements and shall survive the expiration of this agreement.

Verification of Coverage - TCPUD shall furnish the County with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the County before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the TCPUD'S obligation to provide them. The County reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

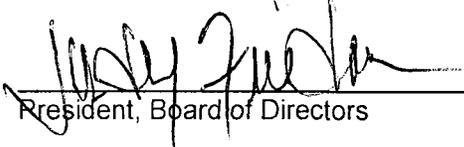
Material Breach - Failure of the TCPUD to maintain the insurance required by this agreement, or to comply with any of the requirements of this section, shall constitute a material breach of the entire agreement.

10. This Agreement shall inure to the benefit of, and bind the parties hereto, and their successors and assigns, including any and all public agencies to whom the real property and facilities herein referred to may be transferred by reason of incorporation, annexation, unification, consolidation or for any other reason.
11. If any provision of this Agreement, as applicable to either party, or to any other person or circumstance, is for any reason held to be invalid, it should not affect the validity of any other provision of this Agreement. The waiver by either party hereto, of any breach, term, covenant or condition contained herein shall not constitute a waiver of any subsequent term, covenant or condition contained herein.
12. This is an integrated Agreement and contains all of the terms, conditions, understandings and promises of the parties. The terms of this Agreement may not be modified except upon the

mutual written consent of the parties. Any inconsistencies between the Agreement and the attached Memorandum of Understanding shall be resolved in favor of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on behalf of the persons duly authorized by the governing boards of the parties hereto.

Tahoe City Public Utility District (TCPUD)

By: 
President, Board of Directors

3/8/12
Date

County of Placer (COUNTY)

By: _____
Chairman, Board of Supervisors

Date

APPROVED AS TO FORM

By: _____
County Counsel

Date

APPROVED AS TO FUNDS

By: _____
Auditor

Date

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

- 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.
- 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.

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.
- 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:

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.

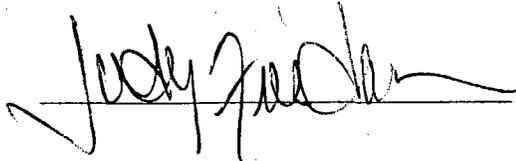
Article VI. Dispute Resolution

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

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,

3/8/12
Date



COUNTY OF PLACER,

Date

TRUCKEE TAHOE AIRPORT DISTRICT,

Date

NORTH LAKE TAHOE RESORT ASSOCIATION,

7 MARCH 2012
Date


Row Parson, Chair

ATTACHMENT A

ACQUISITION PARTICIPATION

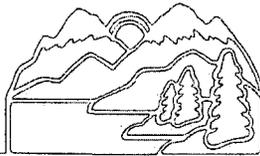
Placer County/North Lake Tahoe Resort Association - TOT - \$2,495,000

TCPUD \$1,405,000

Placer County - Mitigation Fees \$300,000

Tahoe Truckee Airport District \$500,000

BOARD OF DIRECTORS
RON TREABESS
LOU REINKENS
JUDY FRIEDMAN
ERIK HENRIKSON
DAN WILKINS



CINDY GUSTAFSON
GENERAL MANAGER

Tahoe City Public Utility District

March 2, 2012

Ms. Holly Heinzen
Interim CEO
County Executive Office
Placer County
175 Fulweiler Avenue
Auburn, CA 95603

RE: Placer County Open Space Funds and Park Dedication Fees

Dear Holly,

This letter is to follow up our discussions regarding the use of Placer County Open Space Funds towards the public purchase of the Tahoe City Golf Course. As you know, Tom Miller had identified these other County funding sources after the potential to use \$1.2 million of Redevelopment Funding was eliminated. The acquisition of this property has many public and environmental benefits and thus the extraordinary partnership that has formed to make this acquisition possible.

Acquiring this 46-acre property from private ownership gives the community the ability to integrate its use for public benefits such as parking and circulation improvements, emergency access, and the preservation and enhancement of open space directly adjacent to the Tahoe City commercial core. In addition, this property has existing wetland areas that can be improved and enhanced to help achieve regional water quality goals. Improving water quality and maintain open space at Lake Tahoe is critically important to meeting our Federal, State, and regional mandates.

We are requesting a total of \$100,000 from Placer County Open Space Funds be allocated toward the property purchase. We also plan to initiate a request to re-direct \$200,000 in Park Dedication Fees initially allocated to the Homewood Bike Trail Project toward the Golf Course purchase, but are prepared to cover the difference with TCPUD funds in escrow.

We appreciate your support in funding this important acquisition that provides for such a wide variety of public and environmental benefits.

Sincerely,

Cindy Gustafson
General Manager

**FUNDING AGREEMENT BETWEEN PLACER COUNTY AND NORTH LAKE TAHOE RESORT
ASSOCIATION FOR THE CONTRIBUTION FROM THE INFRASTRUCTURE FUNDS TO PURCHASE
THE TAHOE CITY GOLF COURSE**

PARTIES: This Agreement is between the Placer County (County) and the North Lake Tahoe Resort Association (Resort Association).

PURPOSE: The purpose of this agreement is to confirm funding requirements for the contribution of up to \$2.6 million to Tahoe City Public Utility District (TCPUD) toward the purchase of the Tahoe City Golf Course (TCGC).

Agreement terms:

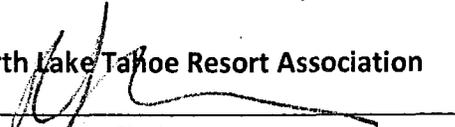
- \$2.495 million will be allocated from the Infrastructure Fund held in the County Treasury for TCGC

- Should the Tahoe TOT Infrastructure Fund Account held in the County Treasury dip below funds necessary for allocation to Resort Association and BOS approved capital projects, a cash advance will be required to pay for the project.

- Any advance from the County to the Resort Association for such projects will be repaid with interest at the Placer County Treasury investment rate of return plus one percent, over a maximum of 10 years from budgeted Tahoe TOT infrastructure funds, and from any Tahoe TOT infrastructure revenue in excess of budget to be determined at the end of each fiscal year.

- Any changes in allocation percentages in the County/Resort Association contract for Infrastructure/Transportation programs nullify this agreement.

North Lake Tahoe Resort Association



Ron Parson, Chair

Approved as to form:

Placer County Counsel

Placer County

Jennifer Montgomery, Chair
Placer County Board of Supervisors