

Attachment A – Key TRPA Regional Plan Code Sections

Section 30.6. Excess Land Coverage Mitigation Program, TRPA Code:

This section applies to projects where the amount of TRPA-verified land coverage existing in the project area prior to the project exceeds the base land coverage prescribed by subsection 30.4.1. Land coverage in excess of the base allowable land coverage shall be mitigated by the transfer of land coverage pursuant to subsection 30.4.3 or the land coverage mitigation program set forth in this section.

30.6.1. Implementation of Program: Except as otherwise provided by subsection 30.6.2, all projects on parcels or other project areas with unmitigated excess land coverage are subject to the land coverage mitigation program set forth in this section. Projects subject to the program shall reduce land coverage by the amounts specified in subparagraphs 30.6.1.A and B.

- A. **Excess Coverage Calculation:** Excess land coverage equals the amount of TRPA-verified existing land coverage, less the total of the following: the maximum allowable amount of base coverage, the amount of coverage approved by transfer, and the amount of coverage previously mitigated under this section.
- B. **Excess Land Coverage Mitigation Program Options:** In the event land coverage reduction is required, the applicant may choose any of the following options, or combinations thereof, to comply with the requirements of this section.
 1. **Reduce Land Coverage Onsite:** Coverage may be reduced onsite as part of the project approval. Land subject to reductions shall be restored pursuant to subsection 30.5.3.
 2. **Reduce Land Coverage Offsite:** Coverage may be reduced offsite as part of the project approval. Coverage may be reduced in a different hydrologically related area provided the restoration occurs on more sensitive land than the project area. Land subject to reductions shall be restored pursuant to subsection 30.5.3.
 3. **Land Coverage Mitigation Fee:** A land coverage mitigation fee may be paid to TRPA in lieu of reducing land coverage pursuant to subparagraphs 1 or 2 above. The fee may be used outside of the hydrological related area from which it is collected to achieve more strategic environmental benefits. The fee shall be forwarded by TRPA to a land bank to provide land coverage reduction. The nonrefundable fee shall be calculated pursuant to subparagraph 30.6.1.C.
 4. **Parcel Consolidation or Parcel Line Adjustment:** The amount of excess land coverage may be reduced by parcel consolidation or parcel line adjustment with a contiguous parcel as part of the project approval.
 5. **Projects Within Community Plans:** Projects that are located within an adopted community plan may rely on the community plan to mitigate excess land coverage provided TRPA makes findings a and b, below. In lieu of findings a and b being made, TRPA may determine that a project complies with the requirements of this subparagraph by making finding c, below:
 - a. The project is located within an area for which a community plan, as originally adopted or subsequently amended, includes a program to mitigate the excess land coverage within the area. Such a program shall ensure that coverage mitigation, when measured for individual parcels affected by the program, meets the standards set forth in subparagraphs 30.6.1.A

through C. The options available for mitigating excess land coverage under any such program shall be any combination of those options set forth in subparagraphs 1, 2, 3, or 4 above.

- b. There is an irrevocable commitment for the funding necessary to implement the program for mitigating excess land coverage. For purposes of this subparagraph, “irrevocable commitment” shall mean the following:
 - (i) The public entity funding the measure or, when necessary, the electorate has made all discretionary decisions required for the issuance of the bonded indebtedness under applicable state law and that only ministerial acts necessary to the issuance of any such bonded indebtedness and the receipt of funds therefrom remain to be completed. Any such funds shall be finally committed to, and available for, expenditure;
 - (ii) The application for state and federal grant monies has received approval, and such grant monies are included in a duly enacted state budget or a legislative appropriation or federal authorization and appropriation. Any such funds shall be finally committed to, and available for, expenditure for the excess land coverage mitigation program in accordance with the approved community plan;
 - (iii) Where the funding of the program is the responsibility of a person or persons, TRPA shall ensure that the public entity has received sufficient funds or an acceptable security to fully fund the program;
 - (iv) The public entity funding the program has received a funded commitment from another public entity as described in a or b above; or
 - (v) Any combination of (i) through (iv) above.

- c. As a condition of approval, the permittee for the project shall post a security with TRPA, in accordance with Section 5.9, in an amount equal to the excess coverage mitigation fee otherwise required under Section 30.6. If a program to mitigate excess land coverage within the community plan has not been adopted by TRPA and an irrevocable commitment made by the time of final inspection of the project by TRPA, or three years after commencement of construction, whichever is sooner, the security shall be forfeited to TRPA. Securities forfeited to TRPA under this subparagraph shall be forwarded to a land bank to provide land coverage reduction.

C. Determination of Excess Land Coverage Mitigation: The required excess land coverage reduction mitigation shall be calculated as follows:

1. Coverage Reduction Mitigation: For purposes of calculating the square footage reduction of excess coverage to be credited the parcel pursuant to Chapter 6: Tracking, Accounting, and Banking; the land coverage reduction square footage shall be calculated by determining the reduction percentage from Table 30.6.1-2 below, based on the amount of TRPA-verified existing excess land coverage on the parcel or project area. The reduction percentage from Table 30.6.1-2 shall be multiplied by the estimated coverage mitigation construction cost of the project and then divided by the mitigation factor of eight.

$$\text{Land Coverage Reduction (Sq. Ft.)} = \frac{\text{Fee Percentage} \times \text{Land Coverage Mitigation Construction Cost (\$)}}{\text{Mitigation Factor of 8.}}$$

2. Excess Land Coverage Mitigation Fee: The excess coverage mitigation fee shall be calculated by determining the amount of required land coverage reduction (sq. ft.), in accordance with subparagraph 1 above. The land coverage reduction square footage shall then be multiplied by the

appropriate Mitigation Fee Coverage Cost Factor to determine the Excess Land Coverage Mitigation Fee. The Mitigation Fee Land Coverage Cost Factor(s) shall be established by TRPA staff by January 1 of each year based on a certified real estate appraiser's estimate of the land bank's cost to acquire and restore land coverage under this program. The appraiser shall use the methodology established in the Uniform Standards of Appraisal Practice. The excess land coverage fee shall be calculated according to the schedule provided in the Rules of Procedure in subsection 10.8.5. The excess land coverage fee shall be as follows:

$$\text{Mitigation Fee (\$)} = \frac{\text{Land Coverage Reduction Sq. Ft.} \times \text{Mitigation Fee Sq. Ft. Land Coverage Cost}}{\text{-----}}$$

Attachment B – MOUs

MEMORANDUM OF UNDERSTANDING BETWEEN
THE TAHOE REGIONAL PLANNING AGENCY AND
THE CALIFORNIA TAHOE CONSERVANCY

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This Memorandum of Understanding is entered into this 18th day of February, 1988, by and between the TAHOE REGIONAL PLANNING AGENCY (TRPA), a bi-state agency created under the Tahoe Regional Planning Compact, and the CALIFORNIA TAHOE CONSERVANCY, an agency of the State of California ("CONSERVANCY").

I. AUTHORITY

This Memorandum of Understanding is based on the following laws, regulations, procedures, and policies:

- the Tahoe Regional Planning Compact, P.L. 91-143, 83 Stat. 360, (1969); amended, P.L. 96-551, 94 Stat. 3233, (1980);
- the Tahoe Regional Plan as adopted by TRPA in Ordinance No. 87-9 on June 25, 1987, and effective July 1, 1987 (hereafter "the Regional Plan");
- the TRPA Code of Ordinances and Plan Area Statements and Maps adopted pursuant thereto (all Chapter references hereinbelow are to the Code of Ordinances);
- the enabling statute of the California Tahoe Conservancy (California Government Code Section 66905 et seq.);
- Resolution No. 10-87-1 of the California Tahoe Conservancy, adopted October 23, 1987;
- Resolution No. 87-25 of the Tahoe Regional Planning Agency, adopted October 29, 1987.
- Resolution No. 87-30 of the Tahoe Regional Planning Agency, adopted December 16, 1987

II. DEFINITIONS

The following terms shall have the definitions set forth below for purposes of this Memorandum. In the event of any conflict between the following definitions and the definitions in Chapter 2, the definitions contained herein shall govern this Memorandum of Understanding to the extent of any inconsistency.

A. Land Coverage Bank.

The term "land coverage bank" shall mean a land bank as provided for in the Goals and Policies of the Regional Plan, and Chapters 20 and 38 of the TRPA Code of Ordinances, to be established by the CONSERVANCY for that portion of the Lake Tahoe Basin lying within the State of California.

B. Interim Period.

The term "interim period" shall mean the period extending from the effective date of the Regional Plan until TRPA's first revision of the coverage reduction formula pursuant to Section V(A) (6) below.

C. Excess Coverage Mitigation Project.

The term "excess coverage mitigation project" shall mean any action or activity undertaken by the CONSERVANCY for the purpose of generating excess land coverage mitigation credit through the land coverage bank.

D. Excess Coverage Mitigation Fee.

The term "excess coverage mitigation fee" shall mean the fee which is required to be paid in order to mitigate projects with existing land coverage in excess of base land coverage and which fee is calculated according to a formula set forth in Chapter 20 of the TRPA Code of Ordinances.

E. Lake Tahoe Region, Lake Tahoe Basin.

The terms "Lake Tahoe Region" and "Lake Tahoe Basin" shall mean all that area described in Article II of the Tahoe Regional Planning Compact.

F. Hydrologically Related Area, Hydrologically Related Areas

The term "hydrologically related area" shall refer to any one of the six areas designated on those certain maps adopted by TRPA on September 26, 1986, as they may be amended from time to time, which are located in whole or in part on the California side of the Lake Tahoe Basin. The term "hydrologically related areas" shall refer to these six areas collectively.

III. PURPOSE

The purpose of this Memorandum is to establish the respective duties and authorities of the CONSERVANCY and TRPA with respect to a land coverage bank to be operated by the CONSERVANCY for the California side of the Lake Tahoe Basin and to set forth the procedures to be followed by TRPA and the CONSERVANCY with respect to the land coverage bank.

IV. JURISDICTION AND POWERS

Subject to all applicable laws of the State of California and the Compact, TRPA Regional Plan, and Code of Ordinances, the CONSERVANCY, has been designated as a land bank for the purpose of, (1) providing mitigation for excess coverage on behalf of any permit applicant on the California side of the Lake Tahoe Basin, by carrying out an excess coverage mitigation project on any parcel or parcels eligible to provide such mitigation under Chapter 20; (2) providing mitigation for any public service or public outdoor recreation project located on sensitive lands by retiring and restoring hard and soft coverage and disturbed lands as provided in Chapter 20; and (3) upon the effectiveness of a transfer of coverage program pursuant to Chapter 20, selling and transferring coverage from any parcel in the inventory of the land coverage bank which is eligible to send coverage, to any parcel eligible to receive such coverage under said Chapter.

V. DUTIES

A. TRPA Duties.

1. Assignment of Excess Coverage Mitigation Fees.

TRPA hereby agrees to assign to the CONSERVANCY, for the land coverage bank, all excess coverage mitigation fees paid to TRPA for projects located in California, from the effective date of the Regional Plan through the term of this Memorandum.

2. Deposit of Excess Coverage Mitigation Fees.

When TRPA receives excess coverage mitigation fees from projects located in California, it shall deposit and hold the fees in an interest-bearing account under its control, until such time as it causes the excess coverage mitigation fees to be disbursed to the CONSERVANCY pursuant to Section V.A.4. below.

3. TRPA Reporting.

TRPA shall deliver to the CONSERVANCY a monthly report or printout containing the following information pertaining to each permit for which an excess coverage mitigation fee was received by TRPA during the preceding month:

- (a) name of permit applicant;
- (b) location of project by state, county, hydrologically related area, and assessor parcel number(s);
- (c) amount of fee paid by applicant;
- (d) type of project (residential, commercial, tourist accommodation, etc.) and type of coverage needed as mitigation;
- (e) amount of mitigation in terms of square feet as determined under the coverage reduction formula in Chapter 20.

4. Disbursements by TRPA.

TRPA shall disburse all accumulated excess coverage mitigation fees payable to the CONSERVANCY under Section V.A.1. above, and any interest accrued thereon, to the CONSERVANCY upon its request, which shall occur not more often than quarterly. Such disbursements shall be made by check payable to the "California Tahoe Conservancy," and shall bear the notation "land coverage bank." Each disbursement check shall be accompanied by a summary statement or print-out which lists the individual fees contained in the disbursement, including the information established in Section V.A.3. above. The statement shall also indicate the amount of the total disbursement which constitutes interest earned on the excess coverage mitigation fees.

5. Projection of Mitigation Needs.

TRPA shall periodically provide the CONSERVANCY with all available information concerning past and projected permit applications which would assist the CONSERVANCY in determining the projected needs for restoration or retirement of hard, soft, and potential coverage and disturbed land through the land coverage bank in each hydrologically related area, for at least 12 months ahead.

6. Annual Revision of Standard TRPA Coverage Cost.

TRPA shall annually review and, when appropriate, shall revise the standard TRPA coverage cost (§20.5.A (3) (b) of TRPA Code) provided for in Chapter 20, to reflect the actual cost of retiring and restoring coverage as documented in the periodic and annual reports and accounts prepared by the CONSERVANCY for the land coverage bank. The first annual revision of the standard TRPA coverage cost shall occur on or after November 30, 1988.

7. Transfers of Coverage.

Where the CONSERVANCY agrees to transfer coverage on behalf of a permit applicant through the land coverage bank, pursuant to Chapter 20, TRPA shall, upon the CONSERVANCY'S request:

- (a) certify to the CONSERVANCY the amount and type of coverage or mitigation needed by the permit applicant;
- (b) accept payment for said coverage or mitigation from the permit applicant in the amount agreed upon between the CONSERVANCY and the permit applicant; and
- (c) hold said payment in an interest-bearing account until such time as the CONSERVANCY requests disbursement of the funds for the land coverage bank.

8. Public Service Projects and Public Outdoor Recreation Projects.

Where the CONSERVANCY agrees to carry out mitigation for a public service project or public outdoor recreation project on sensitive land, pursuant to Chapter 20, the procedures set forth for "transfers of coverage" in Section V.A.7. above shall apply.

B. CONSERVANCY Duties

1. Establishment of Land Coverage Bank; Site Selection.

Starting from the effective date of this Memorandum, the CONSERVANCY shall take all necessary and appropriate action to activate the land coverage bank and shall proceed with a systematic identification of lands in each hydrologically related area which would be appropriate for inclusion in the land coverage bank.

2. Maintaining Inventory; Advance of Assets; Use of Inventory.

- (a) The CONSERVANCY shall use best efforts to acquire and maintain within the land coverage bank an inventory of hard, soft, and potential coverage and disturbed lands, sufficient to meet the projected needs of the land coverage bank.
- (b) In order to maintain an inventory of coverage for the land coverage bank, the CONSERVANCY may utilize assets other than excess coverage mitigation fees for the purpose of acquiring and/or restoring land for the land coverage bank.
- (c) Inventory acquired by the CONSERVANCY may be used to satisfy demand for mitigation of public service projects and public outdoor recreation projects on sensitive lands, and for other transfers of coverage pursuant to Chapter 20, provided that the CONSERVANCY'S responsibilities under Section V.B.3. below are not thereby impaired.

3. Use of Excess Coverage Mitigation Fees.

- (a) The CONSERVANCY shall use excess coverage mitigation fees received from TRPA solely for the purposes of (1) paying for assets advanced to the land coverage bank by the CONSERVANCY; (2) acquiring land for the use of the land coverage bank; (3) restoring hard and soft coverage and disturbed lands and retiring potential coverage through the land coverage bank; and (4) administrative expenses and overhead, subject to the limitations in (b) below.
- (b) The CONSERVANCY may apply the excess coverage mitigation fees toward payment or reimbursement of its direct costs of acquisition and/or restoration incurred for or through the land coverage bank, which are billed to the CONSERVANCY by

contractors or other providers of services. These costs include, but are not limited to, revegetation, land and boundary surveys, site inspections, appraisals, title searches, and earthmoving and demolition. Overhead and other incidental costs of administration, operation, and monitoring of the land coverage bank may be charged by the CONSERVANCY against the excess coverage mitigation fees to cover actual costs to the CONSERVANCY, up to 12% of the aggregate of such fees (including interest) received from TRPA. The CONSERVANCY shall submit documentation of its overhead and other incidental costs prior to making any charges against the excess coverage mitigation fees.

(c) For each project generating an excess coverage mitigation fee which is assignable to the CONSERVANCY, the CONSERVANCY shall retire and/or restore, as excess coverage mitigation, the amount of coverage calculated under the coverage reduction formula contained in Chapter 20; provided, however, that during the interim period the amount of coverage to be retired or restored shall be limited to the amount paid for by the excess coverage mitigation fee paid for that project.

4. Transfers of Coverage.

The CONSERVANCY may enter into agreements for the sale and transfer of coverage to parcels which have not already reached maximum land coverage, pursuant to Chapter 20. In such cases the price paid for the coverage shall be agreed upon by the permit applicant and the CONSERVANCY. At the CONSERVANCY'S election, the purchase price shall be paid either directly to the CONSERVANCY or

to TRPA, as provided in Section V.A.7. above. Upon receipt of funds by the CONSERVANCY or TRPA, as the case may be, such party shall notify the other party of the receipt of funds and the amount received. The CONSERVANCY shall then transmit to TRPA the "land coverage information for account files" required for "sending" parcels under Chapter 38.

5. Public Service Projects and Public Outdoor Recreation Projects.

The CONSERVANCY may enter into agreements to provide mitigation for public service projects and public outdoor recreation projects by restoring disturbed lands or hard or soft coverage on sensitive lands, as provided under Chapter 20. The terms and procedures set forth for "transfers of coverage" in Section V.B.4. above shall apply to the mitigation of such public projects through the land coverage bank.

6. Methods of Retiring Coverage.

- (a) Areas containing potential coverage shall be retired by filing with TRPA a document or documents, in form acceptable to TRPA and suitable for recordation, by which the CONSERVANCY consents to the permanent retirement of potential coverage on the areas described therein.
- (b) Soft coverage and disturbed lands shall be restored so as to cause the area to function in a natural state, with provision for permanent protection from further disturbance. Appropriate methods of restoration include, but need not be limited to, decompaction of soils, revegetation, restoration of natural watercourses and gradients, and removal of refuse.

- (c) Hard coverage shall be restored by destruction and removal, to the extent feasible, of all structures, pavement, and other impervious land covering on the area to be restored, together with the methods specified in (b) above for restoration of soft coverage.
- (d) Within the boundaries of all areas where hard or soft coverage or disturbed land is restored, the CONSERVANCY shall permanently extinguish all coverage in the manner provided in (a) above.
- (e) All coverage retirement carried out through the land coverage bank shall be subject to TRPA inspection and review.

7. Periodic Reports.

The CONSERVANCY shall report to TRPA periodically, but not more often than monthly, on the status of all coverage and disturbed land which has been retired or restored during the reporting period.

8. Annual Report: Excess Coverage Mitigation Program.

There shall be an annual reporting period, at the end of which the CONSERVANCY shall prepare and deliver to TRPA an annual report summarizing all excess coverage mitigation projects performed during said reporting period, and identifying the excess coverage mitigation fees which were applied toward each such project. The annual report shall, in addition, list:

- (a) the current inventory of parcels credited or available to the land coverage bank for restoration and/or retirement of hard, soft, and potential coverage; and
- (b) all mitigation already performed or in progress, but not yet credited towards a permit applicant's project.

9. CONSERVANCY Accounts.

The CONSERVANCY shall maintain running accounts, which shall be made available to TRPA upon request, of:

- (a) all monies expended and received by the CONSERVANCY on behalf of the land coverage bank;
- (b) all properties within the inventory of the land coverage bank;
- (c) all areas on which coverage or disturbed land has been restored or retired, including:
 - the date as of which coverage or disturbed land has been restored or retired;
 - the type of coverage or area restored or retired;
 - the cost per square foot restored or retired;
 - the area or amount of coverage that has been restored or retired, in square feet of each type retired; and
 - the mechanism by which restoration or retirement has been accomplished.

In computing the cost per square foot of coverage retired, the CONSERVANCY may use an average based on the cost of retiring a given type of coverage in more than one coverage mitigation project.

VI TERMINATION/AMENDMENT

This Memorandum of Understanding may be terminated by either party upon ninety (90) days' advance notice in writing. This Memorandum of Understanding may be amended by written agreement of the CONSERVANCY and the TRPA Governing Board. In the event this Memorandum of Understanding is terminated for any reason, the CONSERVANCY shall continue to carry out the duties of Section V.B.3., as well

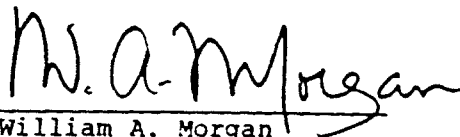
as related reporting obligations and TRPA shall continue to carry out the duties of Section V.A.4., as well as related reporting obligations, for all projects for which mitigation fees were received by TRPA prior to the effective date of termination. Unexpended mitigation fees received by the Conservancy, if any, shall be returned to TRPA upon fulfillment of any outstanding obligations.

IN WITNESS WHEREOF, the parties have entered into this Memorandum of Understanding on the date first hereinabove written.

TAHOE REGIONAL PLANNING AGENCY

CALIFORNIA TAHOE CONSERVANCY

By



William A. Morgan
Executive Director

By



Dennis T. Machida
Executive Officer

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**MEMORANDUM OF UNDERSTANDING BETWEEN
THE TAHOE REGIONAL PLANNING AGENCY AND
THE NEVADA DIVISION OF STATE LANDS**

THIS MEMORANDUM OF UNDERSTANDING (MOU) is entered into by and between the TAHOE REGIONAL PLANNING AGENCY (TRPA), a bi-state agency created under the Tahoe Regional Planning Compact, and the Department of Conservation and Natural Resources, Nevada Division of State Lands (NDSL), an agency of the State of Nevada. This MOU is effective upon the date of the last signature of the last party to sign this agreement.

I. AUTHORITY.

This Memorandum of Understanding is based on the following laws, regulations, procedures and policies:

- the Tahoe Regional Planning Compact, P.L. 91-143, 83 Stat. 360, (1969); amended, P.L. 96-551, 94 Stat. 3233, (1980);
- the Tahoe Regional Plan as adopted by TRPA in Ordinance No. 87-9 on June 25, 1987, and effective July 1, 1987 (hereinafter "the Regional Plan");
- the TRPA Code of Ordinances and Plan Area Statements and Maps adopted pursuant thereto (all Chapter references hereinbelow are to the Code of Ordinances);
- NRS 277;
- SB 139 of the 1993 Session of the Nevada State Legislature;

WITNESSETH

WHEREAS, the parties entered into an MOU in August of 1993;

WHEREAS, the parties desire to supercede the previous MOU, with this new MOU;

NOW, THEREFORE, it is agreed as follows:

II. DEFINITIONS.

The following terms shall have the definitions set forth below for purposes of this Memorandum. In the event of any conflict between the following definitions and the definitions in Chapter 2 of the TRPA Code of Ordinances, the definitions contained herein shall govern this Memorandum of Understanding to the extent of any inconsistency.

A. Land Bank.

The term "land bank" shall mean a land bank as provided for in the Goals and Policies of the Regional Plan, and Chapters 20, 34 and 38 of the TRPA Code of Ordinances, to be established by NDSL for that portion of the Lake Tahoe Basin lying within the State of Nevada.

B. Interim Period.

The term "interim period" shall mean the period extending from the effective date of the Regional Plan until TRPA'S establishment of a Permanent Program, pursuant to Subsection 20.5 A. (3) (b), of the TRPA Code of Ordinances, in which the standard TRPA coverage cost is annually updated to reflect the actual Land Bank cost for retiring and/or restoring land coverage on the Nevada side of the Lake Tahoe Basin.

C. Excess Coverage Mitigation Project. The term "excess coverage mitigation project" shall mean any action or activity undertaken by NDSL for the purpose of generating excess land coverage mitigation credit through the land

D. Excess Coverage Mitigation Fee.

The term "excess coverage mitigation fee" shall mean the fee which is required to be paid in order to mitigate projects with existing land coverage in excess of base land coverage and which fee is calculated according to a formula set forth in Chapter 20 of the TRPA Code of Ordinances.

E. Lake Tahoe Region, Lake Tahoe Basin.

The terms "Lake Tahoe Region" and "Lake Tahoe Basin" shall mean all that area described in Article II of the Tahoe Regional Planning Compact.

F. Hydrologically Related Area(s).

The term "hydrologically related area" shall refer to any of the areas designated on those certain maps adopted by the TRPA on September 26, 1986, as they may be amended from time to time, which are located in whole or in part on the Nevada side of the Lake Tahoe Basin. The term "hydrologically related areas" shall refer to those areas collectively.

G. Other Development Rights.

The term "other development rights" which may be acquired, held, and transferred in the land bank, shall include, but not be limited to, residential development rights, and units of existing development, such as residential units, commercial floor area and tourist accommodation units.

III. PURPOSE.

The purpose of this Memorandum is to establish the respective duties and authorities of NDSL and the TRPA with respect to a land bank to be operated by NDSL for the Nevada side of the Lake Tahoe Basin and to set forth the procedures to be followed by TRPA and NDSL with respect to the land bank.

IV. JURISDICTION AND POWERS.

Subject to all applicable laws of the State of Nevada, the Tahoe Regional Planning Compact, and the TRPA Regional Plan and Code of Ordinances, NDSL has been designated as a land bank for the purpose of; (1) providing mitigation for excess coverage on behalf of any permit applicant on the Nevada side of the Lake Tahoe Basin, by carrying out an excess coverage mitigation project on any parcel or parcels eligible to provide such mitigation under Chapter 20 of the TRPA Code of Ordinances; (2) providing mitigation for any public health and safety project or public outdoor recreation project located on sensitive lands by retiring and restoring hard and soft coverage or

disturbed land as provided in Chapter 20 of the TRPA Code of Ordinances; and (3) upon the effectiveness of a transfer of coverage program pursuant to Chapter 20 of the TRPA Code of Ordinances, NDSL shall be engaged in purchasing, selling and transferring coverage or other development rights from any parcel in the inventory of the land bank which is eligible to send coverage or other development rights, to any parcel eligible to receive such coverage or other development rights, under Chapters 20 and 34 of the TRPA Code of Ordinances.

V. DUTIES.

A. TRPA Duties.

1. Assignment of Excess Coverage Mitigation Fees.

The TRPA hereby agrees to assign to NDSL for the land bank, all excess coverage mitigation fees paid to the TRPA for projects located in Nevada, from the effective date of the TRPA Regional Plan through the term of this Memorandum.

2. Deposit of Excess Coverage Mitigation Fees.

When the TRPA receives excess coverage mitigation fees from projects located in Nevada, it shall deposit and hold the fees in an interest-bearing account under its control, until such time as it causes the excess coverage mitigation fees and the interest earned on said fees, to be disbursed to NDSL pursuant to Section V. (A) (4) below (Disbursements by TRPA).

3. TRPA Reporting.

The TRPA shall deliver to NDSL a quarterly report or printout (for the Nevada side of the Basin) containing the following information pertaining to each permit for which an excess coverage mitigation fee was received by TRPA during the preceding quarter:

- (a) name of permit applicant;
- (b) location of project by county, hydrologically related area, and assessor parcel number(s);

- (c) date and amount of fee paid by applicant;
- (d) type of project (residential, commercial, tourist accommodation, etc.) and type of coverage needed as mitigation;
- (e) amount of mitigation in terms of square feet as determined under the coverage reduction formula in Chapter 20.

4. Disbursements by TRPA.

TRPA shall disburse all accumulated excess coverage mitigation fees payable to NDSL under Section V. A. 1. above (Assignment of Excess Coverage Mitigation Fees), and any interest accrued thereon, to NDSL upon its request, which shall occur not more often than quarterly. Such disbursements shall be made by check payable to the "Nevada Division of State Lands", and shall bear the notation "land bank". Each disbursement check shall be accompanied by a summary statement or printout, which lists the individual fees contained in the disbursement, including the information established in Section V. A. 3. above (TRPA Reporting). The statement shall also indicate the amount of the total disbursement which constitutes interest earned on the excess coverage mitigation fees.

5. Projection of Mitigation Needs.

TRPA shall provide NDSL upon request with all available information concerning past and projected permit applications which would assist NDSL in determining the projected needs for restoration or retirement of hard, soft, and potential coverage and disturbed land through the land bank in each hydrologically related area, for at least 12 months ahead.

6. Revision of Standard TRPA Coverage Cost.

The TRPA shall have the right to review and, when appropriate, revise the standard TRPA coverage cost as provided for in Chapter 20, Section 5. A. (3) (b) of the TRPA Code of Ordinances. The revised standard coverage cost shall reflect the actual cost of retiring and restoring coverage, per Section V. B. 3. (b) below (Use of Excess Coverage Mitigation Fees), and as

documented in the accounts and annual report to the TRPA per Section V. B. 7. below (Annual Report to the TRPA). Notwithstanding the above, until the TRPA elects to establish a permanent program that annually updates the standard coverage cost as stated above, NDSL shall operate per Section V. B. 3. (c) below.

7. Transfers of Coverage.

Where NDSL agrees to transfer coverage on behalf of a permit applicant through the land bank, pursuant to Chapter 20 of the TRPA Code of Ordinances, TRPA shall, upon NDSL'S request:

(a) certify to NDSL the amount and type of coverage or mitigation needed by the permit applicant;

(b) determine the eligibility of the sending and receiving parcels.

(c) accept payment for said coverage or mitigation from the permit applicant in the amount agreed upon between NDSL and the permit applicant; and

(d) hold said payment in an interest-bearing account until such time as NDSL requests disbursement of the funds for the land bank per Section V. A. 4. above (Disbursements by TRPA).

8. Public Service Projects and Public Outdoor Recreation Projects.

Where NDSL agrees to carry out mitigation for a public service project or public outdoor recreation project on sensitive land, pursuant to Chapter 20 of the TRPA Code of Ordinances, the procedures set forth for "transfers of coverage" in Section V. A. 7. above (Transfers of coverage) shall apply.

B. NDSL Duties.

1. Establishment of Land Bank.

Starting from the effective date of this Memorandum, NDSL shall take all necessary and appropriate action to activate the land bank.

2. Maintaining Inventory; Advance of Assets; Use of Inventory.

(a) NDSL shall use best efforts to acquire and maintain within the land bank an inventory of hard, soft, and potential coverage and disturbed lands, sufficient to meet the projected needs of the land bank.

(b) In order to maintain an inventory of coverage for the land bank, NDSL may utilize assets other than excess coverage mitigation fees for the purpose of acquiring and/or restoring land for the land bank.

(c) Inventory acquired by NDSL may be used to satisfy demand for mitigation of public service projects and public outdoor recreation projects on sensitive lands, and for other transfers of coverage pursuant to Chapter 20 of the TRPA Code of Ordinances, provided that NDSL'S responsibilities under Section V. B. 3. below (Use of Excess Coverage Mitigation Fees) are not thereby impaired.

3. Use of Excess Coverage Mitigation Fees.

(a) NDSL shall use excess coverage mitigation fees received from the TRPA solely for the purposes of (1) paying for assets advanced to the land bank by NDSL; (2) acquiring land (and other development rights attached to the land) for the use of the land bank; (3) restoring hard and soft coverage and disturbed lands and retiring potential coverage through the land bank; and (4) administrative expenses and overhead, subject to the limitations in V. B. 3. (b) below.

(b) NDSL may apply the excess coverage mitigation fees toward payment or reimbursement of its direct costs of acquisition and/or restoration incurred for or through the land bank, which are billed to NDSL by contractors or other providers of services. These costs include, but are not limited to, revegetation, land and boundary surveys, site inspections, appraisals, title searches, earthmoving and demolition. Overhead and other incidental costs of administration, operation and monitoring of the land bank may be budgeted and charged by NDSL against the excess coverage

mitigation fees to cover actual costs to NDSL, up to twelve percent (12%) of the aggregate of such fees (including interest) received from TRPA. NDSL shall maintain documentation of its overhead and other incidental costs and submit an annual financial report to the TRPA within 90 days of the close of the fiscal year.

(c) For each project generating an excess coverage mitigation fee which is assignable to NDSL, NDSL shall retire and/or restore, as excess coverage mitigation, the amount of coverage calculated under the coverage reduction formula contained in Chapter 20 provided, however, that during the interim period the amount of coverage to be retired or restored shall be limited to the amount paid for by the excess coverage mitigation fee paid for that project. During the interim period, NDSL shall seek to retire and/or restore as much coverage in each hydrologic zone as can reasonably and prudently be purchased, based on current market conditions. Notwithstanding the above, NDSL shall have the discretion to expend the interest accrued on mitigation fees within any hydrologic zone.

4. Transfers of Coverage and Other Development Rights.

NDSL may enter into agreements for the sale and transfer of coverage to parcels which have not already reached maximum land coverage, pursuant to Chapter 20 of the TRPA Code of Ordinances. In such cases the price paid for the coverage shall be agreed upon by the permit applicant and NDSL. At NDSL'S election, the purchase price shall be paid either directly to NDSL or to the TRPA, as provided in Section V. A. 7. above (Transfers of Coverage). Upon receipt of funds by NDSL or TRPA, as the case may be, such party shall notify the other party of the receipt of funds and the amount received. NDSL shall then transmit to TRPA the "land coverage information for account files" required for "sending" parcels under Chapter 38 of the TRPA Code of Ordinances.

NDSL also may enter into agreements for the sale and transfer of other development rights. All transfers shall be in accordance with TRPA Code of Ordinances.

5. Public Service Projects and Public Outdoor Recreation Projects.

NDSL may enter into agreements to provide mitigation for public service projects and public outdoor recreation projects for the purpose of restoring disturbed lands or hard or soft coverage on sensitive lands, as provided under Chapter 20 of the TRPA Code of Ordinances. The terms and procedures set forth for in Section V. B. 4. (Transfers of Coverage and Other Development Rights) above shall apply to the mitigation of such public projects through the land bank.

6. Methods of Retiring Coverage.

(a) Areas containing potential coverage shall be retired by filing with the TRPA a document or documents, in a form acceptable to the TRPA and suitable for recordation, by which NDSL consents to the permanent retirement of potential coverage on the areas described therein.

(b) Soft coverage and disturbed lands shall be restored so as to cause the area to function in a natural state, with provision for permanent protection from further disturbance. Appropriate methods of restoration include, but need not be limited to, decompaction of soils, revegetation, restoration of natural watercourses and gradients, and removal of refuse.

(c) Hard coverage shall be restored by demolition and removal, to the extent feasible, of all structures, pavement, and other impervious land covering on the area to be restored, together with the methods specified in Section V. B. 6. (b) above (Methods of Retiring Coverage).

(d) Within the boundaries of all areas where hard or soft coverage or disturbed land is restored or retired, NDSL shall permanently retire all coverage in the manner provided in Section V. B. 6. (a) above.

(e) All coverage retirement carried out through the land bank shall be subject to TRPA inspection and review.

7. Annual Report to the TRPA.

Within 90 days after the end of each fiscal year, NDSL shall prepare and deliver to the TRPA an annual report summarizing all excess coverage mitigation projects performed during said reporting period, and identify the excess coverage mitigation fees which were applied toward each such project. In addition, the annual report shall list:

- (a) all properties within the inventory of the land bank;
- (b) all transfers of coverage that have taken place;
- (c) all mitigation already performed or in progress, but not yet credited towards a permit applicant's project;
- (d) all properties on which coverage or disturbed land has been restored or retired, including:
 - the date as of which coverage or disturbed land has been restored or retired;
 - the type of coverage or area restored or retired;
 - the cost per square foot of coverage restored or retired. In computing the cost per square foot, NDSL may use an average based on the cost of restoring or retiring a given type of coverage in more than one coverage mitigation project;
 - the area or amount of coverage that has been restored or retired, in square feet of each type retired; and
 - the mechanism by which restoration or retirement has been accomplished.

VI. TERMINATION/AMENDMENT.


This Memorandum of Understanding may be terminated by either party upon ninety (90) days' advance notice in writing. This Memorandum of Understanding may be amended by written agreement of NDSL and the TRPA Governing Board. In the event this Memorandum of Understanding is terminated for any reason, NDSL shall continue to carry out the duties of Section V.

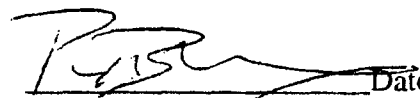
B. 3. above (Use of Excess Coverage Mitigation Fees), as well as related reporting obligations and TRPA shall continue to carry out the duties of Section V. A. 4. above (Disbursements by TRPA), as well as related reporting obligations, for all projects for which mitigation fees were received by TRPA prior to the effective date of termination. Unexpended mitigation fees received by NDSL, if any, shall be returned to TRPA upon fulfillment of any outstanding obligations.

IN WITNESS WHEREOF, the parties have entered into this Memorandum of Understanding.

TAHOE REGIONAL PLANNING AGENCY

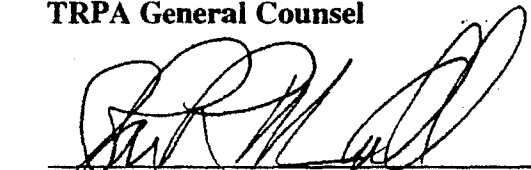
NEVADA DIVISION OF STATE LANDS

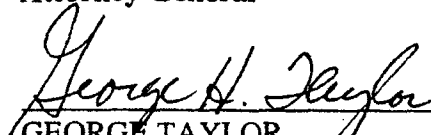

Date July 3, 2000
JOHN L. MARSHALL
Acting Executive Director


Date 7/10/00
PAMELA B. WILCOX
Administrator and Ex-Officio State Land Registrar

**Approved as to form:
TRPA General Counsel**

**Approved as to form:
FRANKIE SUE DEL PAPA
Attorney General**


JOHN L. MARSHALL


GEORGE TAYLOR
Deputy Attorney General