

California Tahoe Conservancy
Agenda Item 2
December 16, 2011

**BOARD MEETING MINUTES
OCTOBER 28, 2011**

The Board convened at 9:30 a.m. at the California Tahoe Conservancy offices, 1061 Third Street, South Lake Tahoe, California. Board members also participated via teleconference from Room 1305 at the Natural Resources Agency, 1416 9th Street, Sacramento, California.

In acknowledgement of the teleconference format, Chairman Sevison began the meeting by instructing all participants to identify themselves by name prior to speaking. He also advised the Board that, due to the remote participation, a roll call would be required as part of the day's voting process. Lastly, Chairman Sevison noted that, in addition to materials in the Board Book, members would find a revised staff recommendation, dated October 25, 2011, printed on blue paper.

1. Roll Call

Diane Niland of the Staff called the roll. Chairman Larry Sevison and members Angela Swanson and Norma Santiago were present at the California Tahoe Conservancy office. Todd Ferrara, designee for Natural Resources Agency, and Pedro Reyes, designee for Department of Finance, participated from the Natural Resources Agency office. Lynn Suter arrived at the Natural Resources Agency at 9:42 a.m. John Hooper and Nancy Gibson were absent.

2. Approval of Minutes

Ms. Santiago motioned approval of the minutes. Mr. Ferrara seconded the motion. The motion was approved by voice vote, with Board members Sevison, Suter and Reyes abstaining.

The motion passed on a roll call vote.

3. Chairman's Report

There was no Chairman's Report.

4. Deputy Attorney General's Report

There was no Deputy Attorney General's Report.

5. Executive Director's Report and Major Projects Update

Executive Director Patrick Wright explained the single item agenda. He also introduced Andy Wirth, Chief Executive Officer of Squaw Valley USA. Mr. Wright stated that the Conservancy owns a portion of the land upon which the Alpine Meadows Ski Resort (Alpine Meadows) sits, and that the proposed merger of Squaw Valley and Alpine Meadows depends, in part, upon the Conservancy's ability to modify the existing lease.

6. Public Comment

There was no public comment at the Conservancy location. Todd Ferrara stated there were no members of the public present at the Natural Resources Agency location.

7. Ward Peak / Alpine Meadows Lease

Mr. Sevison invited Bruce Eisner of the staff to present the item. Mr. Eisner stated that Staff is recommending authorization to execute a lease amendment and assignment documents related to an existing long-term lease for use of Conservancy land by the Alpine Meadows Ski Resort. The proposal extends the term of the lease up to 40 years in order to be consistent with the proposed U. S. Forest Service (USFS) Special Use permit. Mr. Eisner added that the USFS permit is currently under review, with a decision expected soon.

In order to bring the Conservancy's lease current and reflect existing operations, Alpine Meadows agrees to several other terms of the lease:

1. The rental rate will be modified to include six percent (6%) of the revenues from temporary uses such as the sale of food, beverage, and other items. This pertains mostly to the Ice Bar located on Conservancy land.

2. Lift ticket sales continue to comprise the majority of revenues in the rental formula. However, the new rental formula will include in the calculation USFS Slope Transfer Feet (STF), a measurement incorporating slope lift length and capacity. For the Conservancy, rent is calculated at six percent (6%) of 13.28% of the total ski lift revenues at Alpine Meadows Ski Resort. (The percentage of Alpine Meadows' STF situated on Conservancy land is 13.28%.) Had this formula been applied last ski season, the Conservancy would have received \$87,000 in lease rent.
3. The Minimum Rent provision under the lease has been adjusted from \$37,000 to \$81,000. The Minimum Rent will be adjusted annually in relation to the Consumer Price Index (CPI).

Mr. Reyes asked for clarification of the annual lease revenue of \$87,000 or more, as shown in the fiscal summary of the Staff Recommendation, in comparison with \$81,000 listed on Page Five. Bruce stated the minimum rent is based on lift revenues of \$81,000 annually and does not include revenues from temporary uses. Additionally, last year's Ice Bar sales were slightly in excess of \$100,000, thus approximately \$6,000 went to the Conservancy.

In return for the new minimum rental provision, the lease is being modified such that the Conservancy no longer has the right to renegotiate the rental rate every five years, although this provision has not been exercised in the past.

Mr. Reyes requested the records show that Lynn Suter arrived at 9:42 a.m.

Non-financial terms that will be modified include:

1. A new provision requiring implementation of Best Management Practices (BMP) consistent with reasonable and prudent ski area standards is expected to be implemented by October 15, 2014; and
2. Alpine Meadows will from this point forward incorporate the Conservancy's logo in its promotional materials.

The proposed amendments are consistent with the Conservancy's leasing guidelines in several respects:

1. The extension is consistent with the dual purposes of the Conservancy's acquisition of the Ward Peak property, namely, to protect environmentally sensitive lands and open space while providing recreational benefits to the public.
2. The use is consistent with applicable regulatory requirements and is a permitted use in the Tahoe Basin. The terms and conditions of the lease are consistent with the Conservancy's management objectives. The extension of the lease term will allow for long-term management of the Conservancy property and the continued receipt of lease revenues which can be used for the restoration and management of Conservancy lands.
3. Consistent with the Conservancy's legislation, 25% of lease revenues are appropriated the following year to local government. This lease with Alpine Meadows is the Conservancy's largest lease revenue source. Of the 25% of lease revenues that go to Placer County, the County is required to spend at least half of that on soil erosion control projects.
4. The lease represents fair market rent. It documents the presence of the Sherwood lift and the other temporary revenue-generating facilities on Conservancy land. The Conservancy receives the prorated share of gross receipts or the minimum rental amount, whichever is greater.

In conclusion, Mr. Eisner recommended that the Board adopt Resolution 11-10-01 as contained in the Board book as Attachment 2.

Mr. Severson opened the matter for Board discussion. Ms. Santiago asked Mr. Eisner to explain the opportunity to revisit the baseline lease if there is a change in the capacity of that lift. Mr. Eisner pointed out that the provision she referred to is no longer applicable and has been eliminated in the revised recommendation. Rather, the Conservancy has accepted a minimum rental of \$81,000. This provides greater certainty for the Conservancy and the State of California. According to Mr. Eisner, the Conservancy is assured of receiving \$81,000 minimum rental unless the CPI drops right away.

Mr. Reyes requested more detail regarding neighborhood rent possibly including lift tickets, and if so, how will the Conservancy see their share of that lift ticket? Mr. Eisner stated the neighborhood consists of private lands that enjoy no particular special rights. Ms. Suter stated that the subdivision did previously have special rights and suggested something could have changed since the original purchases. Mr. Eisner stated there is

nothing in the Covenants, Conditions, and Restrictions for that subdivision, to his knowledge, that provides neighboring landowners free lift tickets to Alpine Meadows. Ms. Suter clarified that the tickets had been for the small lift only and not for the Sherwood lift or other parts of Alpine Meadows. Mr. Eisner stated that persons shuttled to that location must already have a ticket or pass. Mr. Reyes stated he was clear now on this issue.

Ms. Swanson asked whether the Conservancy is aware of planned future improvements to the Ice Bar and whether or not the Conservancy is committed in any way to participate in such. Mr. Eisner responded that he is not aware of future improvements.

Ms. Swanson also asked whether BMPs will trigger Total Maximum Daily Load credit for anybody, and if so, what would happen to those rights. Mr. Wright stated Conservancy staff would follow up on this with Lahontan and TRPA staff.

Mr. Sevison asked whether the BMP program has been outlined at this point. Bruce responded that Alpine Meadows will be asked to provide a plan to be approved, then implemented.

Mr. Sevison asked the applicant, Andy Wirth, if he had any comments at this time. Mr. Wirth stated he has experience working with many different leases, primarily with the USFS in his 25-year career. He complimented Mr. Eisner and Mr. Wright for their professionalism. Mr. Wirth thanked all Conservancy Board members and staff for coming together for this atypical, yet important, meeting to facilitate approval and closure of this transaction.

Relative to the US Forest Service, Mr. Wirth indicated he is awaiting approval very soon. He also expressed thoughts regarding the land lease use agreement as being particularly fair, reasonable, and contemporary. He believes it sees to all parties' interests, including the Conservancy and its founding legislation.

Mr. Sevison called for further questions. Hearing none, Mr. Reyes motioned approval of the staff recommendation. Norma Santiago seconded the motion. The motion was approved by voice vote.

Chairman Sevison noted that the motion carried.

8. Public Comment

There was no public comment.

9. Board Member Comment

Marian Moe inquired as to whether there would be a December Board meeting. Mr. Lacey confirmed that the December meeting would take place in South Lake Tahoe. Due to a conflict, however, the meeting must be moved to Friday, December 16, 2011.

Mr. Ferrara, Ms. Suter, Ms. Santiago, Ms. Swanson, and Mr. Sevison stated they should be available. Mr. Reyes commented that Department of Finance may not have a representative at the December 16th meeting.

There were no further Board member comments.

10. Adjournment

Larry Sevison adjourned the meeting at 10:15 a.m.

California Tahoe Conservancy
Resolution
Adopted: December 16, 2011

APPROVAL OF MINUTES

I hereby certify that the foregoing is a true and correct copy of the minutes of the October 28, 2011 meeting of the California Tahoe Conservancy adopted on December 16, 2011.

IN WITNESS THEREOF, I have hereunto set my hand this 16th day of December 2011.

Patrick Wright
Executive Director