

I. SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is entered into by and between the CITY OF SOUTH LAKE TAHOE, a municipality, and the CITY COUNCIL OF THE CITY OF SOUTH LAKE TAHOE, the governing body of the City of South Lake Tahoe (collectively, "City"), and the LEAGUE TO SAVE LAKE TAHOE ("League"), a California non-profit corporation. The parties hereto are the League and the City, and may be collectively referred to as the "Parties" and individually as a "Party."

II. DEFINITIONS

For purposes of this Agreement, the terms listed below are defined as follows:

1. "Action" means the lawsuit entitled *League to Save Lake Tahoe, et al. v. City of South Lake Tahoe, et al.* in the United States District Court for the Eastern District of California (Civ. No. 2:11-CV-01648-GEB-GGH).
2. "CEQA" means the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.).
3. "City" means the City of South Lake Tahoe, a California municipal corporation, and its governing body, the City Council of the City of South Lake Tahoe, and its officers, directors, employees, agents, successors and assigns.
4. "Code" means the Tahoe Regional Planning Agency's Code of Ordinances.
5. "Compact" means the Tahoe Regional Planning Compact.
6. "Complaint" means the COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF; AND RELATED PENDANT STATE LAW PETITION FOR WRIT OF MANDATE, filed on or about June 17, 2011, in this Action.
7. "Court" means the United States District Court for the Eastern District of California.
8. "Effective Date" means the date this Agreement takes effect. The Effective Date shall be the date of the last signature on this document below.
9. "League" means League to Save Lake Tahoe, a California non-profit corporation with headquarters in the City of South Lake Tahoe, and its officers, directors, employees, agents, successors and assigns.
10. "Settlement Agreement" or "Agreement" means this document.

III. AGREEMENT

WHEREAS, on or about June 17, 2011, the League filed the Action against the City alleging violations of the Compact, the Code, and CEQA related to the May 17, 2011 adoption by the City of the City of South Lake Tahoe General Plan Update.

WHEREAS, on January 19, 2012, Judge Garland E. Burrell, Jr., of the United States District Court for the Eastern District of California, dismissed all claims in this action without prejudice due to a lack of subject matter jurisdiction.

WHEREAS, since the Court's Order of January 19, 2012 dismissed the Action without prejudice, the League may re-file some or all of its claims in state or federal court.

WHEREAS, the League has a right to appeal the Court's Order of January 19, 2012 to the United States Court of Appeals for the Ninth Circuit.

WHEREAS, the City has a right to seek reimbursement for its court costs related to the Action.

NOW THEREFORE, for valuable consideration, the Parties agree as follows:

1. The League shall not file an appeal of the Action to the United States Court of Appeals for the Ninth Circuit.
2. The League shall not re-file any of the claims or causes of action in the Action in state or federal court.
3. The City and the League each shall bear their own costs and fees related to the Action.
4. This Agreement does not affect the rights of any Party to challenge or seek relief for actions that have not yet occurred or arisen.
5. This Agreement is entered into in compromise of the rights of all Parties set forth in the recitals above. All Parties agree that this Agreement shall not be deemed or construed for any purpose as an admission of liability or responsibility for or participation in any unlawful or wrongful act at any time by any Party hereto or any other person or entity, and shall have no precedential value for any other case or circumstance. The Parties understand and agree that nothing in this Agreement, or in the execution of this Agreement, shall constitute or be construed as an admission by any party of any inadequacy or impropriety in connection with the allegations contained in the pending Action. The Parties also understand and agree that this settlement agreement does not effect the Order issued by Judge Garland E. Burrell on January 19, 2012. It is agreed that all statements contained herein and the conduct of any Party in connection with this Agreement shall be inadmissible as evidence under California Evidence Code § 1152(a), except that the statements contained herein shall be admissible in any action to enforce or interpret this Agreement.
6. Entire Agreement; Modifications; Waiver. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, and understandings of the Parties. This Agreement may not be amended or modified by the Parties except in a writing executed by all

Parties. No waiver of any provision of this Agreement shall be binding unless executed in writing by the Party making the waiver. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

7. Interpretation. This Agreement shall be deemed to have been drafted equally by the Parties, and shall not be interpreted for or against any Party by reason of the alleged authorship of any provisions. The Parties understand and agree that the general rule that ambiguities are to be construed against the drafter shall not apply to this Agreement. Each Party acknowledges that it is represented by counsel, and has had the benefit of advice from counsel with respect to this Agreement.

8. Headings. The headings and numbers used in this Agreement are included for the purpose of convenience of reference only and they shall not be used to explain, limit, or extend the meaning of any part of the Agreement.

9. Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law, unless the exclusion of such term or provision, or the application of such term or provision, would result in such a material change so as to cause completion of the obligations contemplated herein to be unreasonable.

10. Governing Law; Venue. This Agreement shall be construed under and governed by the laws of the United States and the State of California with venue in United States District Court for the Eastern District of California.

11. Specific Performance; Remedies. The Parties agree that specific performance is the only appropriate remedy for enforcement of this Agreement. Any Party claiming a breach of this Agreement, shall provide the other Party(ies) thirty (30) days' notice before commencing any action to enforce this Agreement and shall meet and confer and attempt to resolve their differences informally before commencing any such action. The prevailing party in any action to enforce this Agreement shall be entitled to their reasonable attorney fees and costs.

12. Authority; Warranties. Each person signing this Agreement on behalf of a Party hereby represents and warrants that he or she has complete authority to bind that Party to the terms and conditions of this Agreement.

13. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the

same instrument. Signatures delivered via telephone facsimile and/or Portable Document Format ("PDF") scanned image via electronic mail shall be deemed binding and effective on the Parties.

14. Notice. All notices required under this Agreement shall be in writing, and may be given either personally or by registered or certified mail (return receipt requested). Any Party may at any time, by giving ten (10) days' written notice to the other Party, designate any other person or address in substitution of the address to which such notice shall be given. Such notices shall be given to the Parties at their addresses set forth below:

For the League to Save Lake Tahoe:

Dr. Darcie Goodman-Collins, Executive Director
League to Save Lake Tahoe
955 Emerald Bay Road
South Lake Tahoe, CA 96150

With copies to:

Michael Lozeau
Lozeau|Drury LLP
410 12th Street, Suite 250
Oakland, CA 94607

For the City of South Lake Tahoe:

Tony O'Rourke
City Manager
1901 Airport Rd., Suite 203
South Lake Tahoe, CA 96150


With copies to:

Nira Feeley, Deputy City Attorney
City Attorney's Office
City of South Lake Tahoe
1901 Airport Road, Suite 300
South Lake Tahoe, CA 96150

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date hereinafter written.

_____, 2012

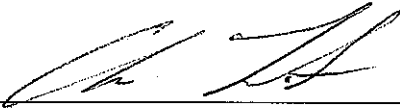
LEAGUE TO SAVE LAKE TAHOE



Robert Damaschino, Chair

_____, 2012

CITY OF SOUTH LAKE TAHOE AND CITY COUNCIL
OF THE CITY OF SOUTH LAKE TAHOE



Claire Fortier, Mayor

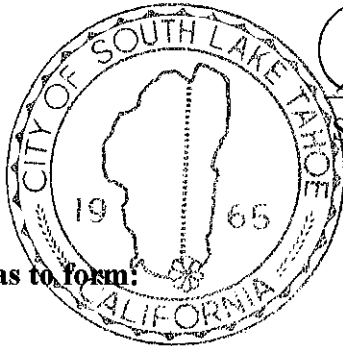
Attest:

_____, 2012

CITY CLERK OF THE CITY OF SOUTH LAKE TAHOE



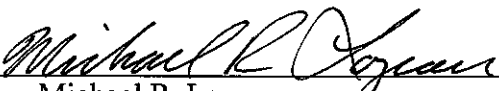
Susan Alessi, City Clerk



Approved as to form:

February 9, 2012

LOZEAU DRURY LLP

By: 

Michael R. Lozeau
Attorneys for Plaintiff League to Save Lake Tahoe

_____, 2012

OFFICE OF THE CITY ATTORNEY OF THE
CITY OF SOUTH LAKE TAHOE

By: 

Patrick Enright
Attorney for Defendants City of South Lake Tahoe
and City Council of the City of South Lake Tahoe