

APPENDIX II

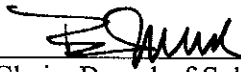
MEMORANDUM OF UNDERSTANDING Conservation Fund

The Board of Selectmen of the Town of Hanover and the Conservation Commission of the Town of Hanover hereby enter into this Memorandum of Understanding which establishes procedures and guidelines which govern the placement of revenues from Land Use Change Tax, timber sales, and environmental fines and penalties into the Conservation Fund as authorized by RSA 36-A:5.1 and by the 1999 Annual Town Meeting and which govern expenditures from this Conservation Fund:

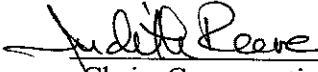
1. No capital expenditures shall be made by the Conservation Commission from this fund except in conformity with an Open Space Acquisition and Priorities Plan; this plan shall be:
 - Developed through a public meeting and hearing process by the Commission with the assistance of the Planning and Zoning Department staff;
 - Reviewed by the Board of Selectmen and the Planning Board prior to adoption by the Commission;
 - Consistent with the Town of Hanover Master Plan.
2. The Commission may make expenditures from the Conservation Fund for any purpose set forth in and according to RSA 36-A and other applicable laws:
 - Expenditures for non-capital purposes, such as public education, and maintenance and management of lands may be made from the Conservation Fund without any limitation other than that set forth in such laws;
 - In addition to stipulations set forth in such laws, capital expenditures by the Commission from the Conservation Fund for land acquisition of any type shall not exceed an annual aggregate total of \$50,000; such expenditures may be used for any purpose set forth in the above-referenced RSA 36-A, such as the acquisition of property, or the acquisition of conservation easements or other property interests, or the obtaining of binding options in order that property can be held pending Town Meeting approval for fee-simple purchase over \$50,000;
 - Capital expenditures in excess of an aggregate total of \$50,000 shall require approval by the Board of Selectmen and Town Meeting; this Memorandum of Understanding shall not preclude the possibility of the Board and Commission agreeing in individual cases that the Board request and recommend to Town Meeting that additional funding apart from the Conservation Fund be authorized to finance large capital acquisitions.
3. The Board of Selectmen shall as part of the budget process henceforward recommend to Town Meeting that each year's accumulated balance in the Land Use Change Tax Restricted Fund be appropriated annually by Town Meeting in the following manner: one-half to be transferred into the Capital Improvement Restricted Purpose Fund and the other half into the Conservation Fund.

4. To the extent allowed by law, all proceeds from Timber Sales, as well as Fines and Penalties resulting from conservation and natural-resource-related environmental violations, shall be accounted for as Conservation Commission revenue within the General Fund budget, along with associated appropriations for Conservation Commission operating expenses and trail and forest maintenance, the balance of which will be reserved fund balance at year end, and which shall be recommended by the Board of Selectmen to be appropriated at the ensuing Town Meeting for transfer into the Conservation Fund.
5. The Board of Selectmen shall rescind Ordinance #22 pertaining to the Land Use Change Tax surplus.
6. This Memorandum of Understanding shall be effective as of July 1, 1999 and shall be in force for one year from that date. It shall by agreement between the Board and the Commission be renewed on an annual basis, either on these same terms or on such other terms as may be agreed mutually between the Board and the Commission.

Made and entered into this date 7 December 1999, by



Chair, Board of Selectmen
of the Town of Hanover



Chair, Conservation Commission
of the Town of Hanover

Cc: Walter Mitchell

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