

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "CONCLUDING INFORMATION - Tax Matters."

State of California

County of El Dorado

\$7,735,000

**SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY
PARKING REVENUE REFUNDING BONDS, SERIES 2013**

Dated: Date of Issuance**Due: December 1, as shown on the inside cover**

The South Tahoe Joint Powers Parking Financing Authority (the "Authority") Parking Revenue Refunding Bonds, Series 2013 (the "Bonds") are being issued by the Authority pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (constituting Sections 6500 et seq. of the California Government Code) (the "Law") and an Indenture dated as of November 1, 2013 (the "Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee.

Interest due on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2014, to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, as described herein. Initial purchases of beneficial interests in the Bonds will be made in book-entry form, and the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Bond denominations are \$5,000 and any integral multiple in excess thereof. Purchasers of beneficial interests in the Bonds will not receive certificates representing their interests in the Bonds and will not be paid directly by the Trustee. See APPENDIX C - THE BOOK-ENTRY SYSTEM.

Use of Proceeds. The proceeds of the Bonds primarily will be used to (i) redeem the Authority's outstanding Parking Revenue Bonds, Series A (the "Prior Bonds"), which were issued in 2002 to finance the acquisition and construction of an approximately 410-space parking facility (as described herein, the "Parking Garage") in the City of South Lake Tahoe, California (the "City"), (ii) fund a debt service reserve fund for the Bonds, and (iii) pay costs of issuance of the Bonds. See "THE PLAN OF FINANCE."

Redemption. The Bonds are subject to optional, extraordinary and mandatory redemption prior to their stated maturity, as described herein. See "THE BONDS - Redemption of Bonds."

Security. The Bonds are secured by and payable from Gross Revenues and amounts held in certain funds and accounts established under the Indenture. Gross Revenues consist primarily of (i) revenues from operation of the Parking Garage and (ii) Surplus Special Tax Revenues of the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) (the "District") that are available after payment of debt service on the District's outstanding Special Tax Bonds, all as described herein. The Bonds are not general obligations of the Authority, but are limited obligations payable solely from amounts pledged under the Indenture. See "SECURITY FOR THE BONDS."

Reserve Accounts. To provide funds for payment of the Bonds in the event there is a shortfall in Gross Revenues, the Authority will establish a Bond Reserve Account and a Supplemental Reserve Account. If the Gross Revenues are insufficient to pay the debt service on the Bonds, the monies in the Bond Reserve Account and Supplemental Reserve Account are designated for use to cover the deficiency. There is no assurance that funds will be available for this purpose and if, during the period of revenue shortfall, there are insufficient moneys in the Bond Reserve Account and Supplemental Reserve Account, there may be a delay in payment to the Bondholders.

Risk Factors. The Bonds are not rated by any rating agency. The purchase of the Bonds involves significant risks, and the Bonds may not be appropriate investments for some investors. See "RISK FACTORS" herein for a discussion of certain risks relating to investment in the Bonds.

The Bonds are payable solely from Gross Revenues and amounts in certain funds established under the Indenture. Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof (other than of the District with respect to Surplus Special Tax Revenues) is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The payment of the principal of, premium, if any, or interest on the Bonds is not a general debt, liability or obligation of the Authority. The Authority has no taxing power.

**MATURITY SCHEDULE
(See Inside Cover)**

This cover page contains certain information for quick reference only. It is not a summary of this issue of Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the purchase of the Bonds. See the section of this Official Statement entitled "RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters discussed herein, in considering the investment quality of the Bonds.

The Bonds are being offered when, as and if issued by the Authority, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Jones Hall is also serving as disclosure counsel to the Authority. Certain legal matters will be passed upon for the Underwriter by Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, Underwriter's Counsel, and for the Authority by the City Attorney of the City. Delivery of the Bonds is expected to occur through the facilities of DTC on or about November 26, 2013.

STIFEL

\$7,735,000
SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY
PARKING REVENUE REFUNDING BONDS, SERIES 2013

MATURITY SCHEDULE

Base CUSIP[†]: 840501

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
2014	\$205,000	3.000%	0.850%	AF7
2015	215,000	3.000	1.270	AG5
2016	225,000	4.000	1.800	AH3
2017	235,000	4.000	2.350	AJ9
2018	240,000	4.000	2.800	AK6
2019	250,000	3.000	3.200	AL4
2020	260,000	3.500	3.600	AM2
2021	270,000	3.750	3.900	AN0
2022	280,000	4.000	4.100	AP5
2023	290,000	4.000	4.300	AQ3
2024	300,000	4.250	4.450	AR1
2025	315,000	4.500	4.600	AS9
2026	330,000	4.500	4.750	AT7
2027	345,000	4.750	4.900	AU4
2028	360,000	5.000	5.000	AV2

\$1,185,000 5.000% Term Bonds due December 1, 2031; Yield 5.200%; CUSIP[†] 840501 AW0

\$2,430,000 5.375% Term Bonds due December 1, 2036; Yield 5.550%; CUSIP[†] 840501 AX8

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has submitted the following statement for inclusion in this Official Statement: the Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Information Subject to Change. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City, the Agency or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority, in any press release and in any oral statement made with the approval of an authorized officer of the Authority or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Website. The City maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exception from the registration requirements in such Act. The Bonds have not been registered or qualified under the laws of any state.

**SOUTH TAHOE JOINT POWERS
PARKING FINANCING AUTHORITY
South Lake Tahoe, California**

AUTHORITY GOVERNING BOARD

Tom Davis, *Chairperson*
Hal Cole, *Vice Chairperson*
Angela Swanson, *Member*
JoAnn Conner, *Member*
Brooke Laine, *Member*

CITY COUNCIL

Tom Davis, *Mayor*
Hal Cole, *Mayor Pro Tem*
Angela Swanson, *Council Member*
JoAnn Conner, *Council Member*
Brooke Laine, *Council Member*

OTHER ELECTED OFFICIALS

Susan Alessi, *City Clerk and Secretary*
David Olivo, *Treasurer*

CITY AND AUTHORITY STAFF

Nancy Kerry, *City Manager/Executive Director of the Authority*
Thomas Watson, Esq., *City Attorney/Authority Counsel*

PROFESSIONAL SERVICES

**BOND COUNSEL &
DISCLOSURE COUNSEL**

Jones Hall, A Professional Law Corporation
San Francisco, California

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

SPECIAL TAX CONSULTANT

Willdan Financial Services
Temecula, California

FINANCIAL ADVISOR

Public Financial Management, Inc.
San Francisco, California

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OFFICIAL STATEMENT

\$7,735,000
SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY
PARKING REVENUE REFUNDING BONDS, SERIES 2013

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and the appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and such documents prior to making an investment in the Bonds. The sale and delivery of the Bonds to potential investors are made only by means of the entire Official Statement.

General

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the sale by the South Tahoe Joint Powers Parking Financing Authority (the "Authority") of its Parking Revenue Refunding Bonds, Series 2013, in the aggregate principal amount of \$7,735,000. Capitalized terms used in this Official Statement and not otherwise defined herein will have the meanings given them in the Indenture, a summary of which (including definitions) is set forth in APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - Indenture.

Authorization and Purpose

The Authority is issuing the Bonds to refund the Authority's Parking Revenue Bonds, Series A (the "Prior Bonds") issued on August 14, 2002 and currently outstanding in the principal amount of \$7,270,000. The Prior Bonds were issued to acquire and construct an approximately 410-space parking facility (the "Parking Garage") in the City of South Lake Tahoe (the "City"). The Parking Garage opened in 2003 and has been in continuous operation since its opening. See "THE PLAN OF FINANCE."

The Bonds were authorized for issuance by Resolution No. 2013-3 adopted by the Governing Board of the Authority on October 1, 2013. The Bonds are being issued pursuant to an Indenture dated as of November 1, 2013 (the "Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (constituting Section 6500 et seq. of the California Government Code) (the "Law"). See APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - Indenture.

Description of the Bonds

The Bonds will be issued and delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of the Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants, as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX C - THE BOOK-ENTRY SYSTEM.

Redemption

The Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to their stated maturity, as described herein. See "THE BONDS - Redemption of Bonds."

The City and the Authority

The City. The City is located along the south shore of Lake Tahoe adjacent to the Nevada state line and is approximately 150 miles northeast of San Francisco and 100 miles east of Sacramento, California. Located in El Dorado County, the City is a general law city incorporated on November 30, 1965 and functions under a Council Manager form of government made up of five council members elected to four-year, overlapping terms. The City encompasses an area of approximately nine square miles with an average elevation of 6,400 feet above sea level. For certain information with respect to the City, see APPENDIX B - THE CITY OF SOUTH LAKE TAHOE.

The Authority. The Authority was created by a Joint Exercise of Powers Agreement between the City and the South Tahoe Redevelopment Agency (the "Original Agency") dated as of June 1, 2002, in order to provide assistance in financing the acquisition and construction of certain public capital improvements, including the Parking Garage, to aid the Original Agency's redevelopment plan. The five members of the City Council also constitute the governing board of the Authority, and the Mayor serves as Chair of the Authority. See "SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY."

Parking Facility Agreement

The Original Agency and the Authority entered into a Parking Facility Agreement, dated as of June 1, 2002, as amended by a First Amendment to Parking Facility Agreement dated as of November 1, 2013 (as subsequently amended, the "Parking Facility Agreement"). Under the Parking Facility Agreement, the Authority covenanted to undertake the construction, improvement, acquisition and operation of the Parking Garage, and the Original Agency covenanted to cause the transfer to the Authority of certain Surplus Special Tax Revenues generated from the special taxes authorized to be levied in Community Facilities District No. 2001-1 (Park Avenue Project) (the "District"). See "THE PARKING FACILITY AGREEMENT" and APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – Parking Facility Agreement.

The Original Agency and Successor Agency. The Original Agency was established in 1981 for the purpose of eliminating and preventing blight in designated redevelopment areas. The Original Agency formed the District and entered into the Parking Facility Agreement with

respect to the Parking Garage, all as described herein, in connection with its redevelopment efforts in the City. The members of the City Council served as members of the governing board of the Original Agency (the "Governing Board"). As a result of changes in California's redevelopment law, the Original Agency was dissolved on February 1, 2012. The City has elected to serve as the South Tahoe Redevelopment Successor Agency (the "Successor Agency"); however, the City and the Successor Agency are separate public entities and did not merge. Neither the liabilities nor the assets of the Original Agency are transferred to the City by the virtue of the City's election to serve as the Successor Agency. For more information about the Original Agency and the Successor Agency, see "THE REDEVELOPMENT AGENCY" and "RISK FACTORS – Dissolution of Successor Agency."

The District. Pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (constituting Sections 53300 et seq. of the California Government Code) (the "CFD Act"), the Original Agency undertook proceedings in 2001 to form the District. The District is a legally constituted separate governmental entity, with the Governing Board of the Original Agency, now the Successor Agency, acting as the legislative body of the District.

Pursuant to the CFD Act and a Rate and Method of Apportionment of Special Tax for the District (the "Rate and Method"), the District annually levies a special tax ("Special Tax") on taxable properties in the District. As described herein, pursuant to a Parking Facility Agreement (defined below), certain Surplus Special Tax Revenues (consisting of Special Tax revenues remaining after satisfaction of requirements relating to the 2007 CFD Bonds described herein) are transferred to the Authority each year. Such Surplus Special Tax Revenues received by the Authority are pledged to the payment of the Bonds pursuant to the Indenture. See "Sources of Payment for the Bonds – Gross Revenues" and " – Surplus Special Tax Revenue." The District consists of 15.61 acres (10.39 acres subject to the Special Tax levy) of mixed hotel, commercial and retail property located in the eastern end of the City at the base of the Heavenly Mountain Ski Resort. For more information on the District, see "THE COMMUNITY FACILITIES DISTRICT" and APPENDIX F - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.

Sources of Payment for the Bonds

The Bonds are limited obligations of the Authority secured by and payable solely from Gross Revenues and amounts held in certain funds and accounts established under the Indenture, including amounts held in the Bond Reserve Account.

Gross Revenues. Gross Revenues include (i) the amounts of any and all income, rents, rates, fees, charges, insurance and condemnation proceeds (except as used to repair the Parking Garage or redeem Bonds) or other moneys received or receivable in connection with, or derived by the Authority from the ownership or operation of, or arising from, the Parking Garage, but excluding parking violation enforcement proceeds, any local, state or federal fee or tax imposed on occupancy of parking spaces, and any security deposits collected in the operation of the Parking Garage ("Operating Revenues") and (ii) the Surplus Special Tax Revenues, defined below. See "SECURITY FOR THE BONDS."

Parking Garage Revenues. The Operating Revenues of the Parking Garage are pledged to payment of debt service on the Bonds and were previously pledged to debt service on the Prior Bonds. For information regarding the Parking Garage, see "THE PARKING GARAGE."

Surplus Special Tax Revenues. Subject to limitations on the maximum Special Tax that may be levied in the District, the Successor Agency has covenanted to cause the District to levy its Special Taxes in each Fiscal Year as needed to meet its obligation under the Parking Facility Agreement to transfer to the Authority "Surplus Special Tax Revenues" as defined in the Indenture. The obligation of the Successor Agency to transfer the Surplus Special Tax Revenues to the Authority is subordinate to certain obligations of the Successor Agency under a Bond Indenture, dated as of February 1, 2007 (the "CFD Indenture"), for so long as the 2007 CFD Bonds (as defined herein) or any obligations issued to refund the 2007 CFD Bonds are outstanding. The Surplus Special Tax Revenues are pledged to payment on the Bonds. See "SECURITY FOR THE BONDS - Surplus Special Tax Revenues."

Reserve Account. Proceeds of the Bonds will be deposited in the Bond Reserve Account in the amount of the Bond Reserve Account Requirement equal to the lesser of (i) Maximum Annual Debt Service on the Bonds, (ii) 10% of the total of the proceeds of the Bonds, and (iii) 125% of average Annual Debt Service on the Bonds. The moneys in the Bond Reserve Account will be used (i) for payment of Annual Debt Service, but only to the extent that amounts then on deposit in the Bond Interest Account and Bond Principal Account after transfer to such Accounts are not sufficient to make such payments (ii) for the retirement of all or a portion of the Bonds then outstanding (either upon maturity or redemption). See APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - Indenture.

Supplemental Reserve Account. A Supplemental Reserve Account will be established upon issuance of the Bonds. Funds will be deposited to the Supplemental Reserve Account up to an amount equal to the Supplemental Reserve Account Requirement, from an initial amount deposited at the time of issuance of the Bonds and thereafter from Gross Revenues as described under "SECURITY FOR THE BONDS – Application of Gross Revenues." Moneys in the Supplemental Reserve Account will be available to the Trustee for paying the principal of or interest on the Bonds in the event moneys in the Debt Service Fund are not sufficient to pay scheduled payments on the Bonds. Moneys in the Supplemental Reserve Account will also be available to be used and withdrawn solely for the purpose of any of the following: (i) paying any Maintenance and Operation Expenses then due and payable; or (ii) paying any necessary costs of renewal or replacement of the Project (but only to the extent that amounts on deposit in the Surplus Revenue Account are not sufficient to make such payments); (iii) paying administrative expenses with respect to the District; or (iv) retiring or defeasing all of the Bonds then Outstanding (either upon maturity or other redemption) in accordance with their terms. At closing, the Authority will transfer the amount of \$75,000 to the Trustee and the Trustee will transfer said amount plus \$76,513.11 from the supplemental reserve for the Prior Bonds as an initial deposit in the Supplemental Reserve Account. See "SECURITY FOR THE BONDS – Supplemental Reserve Account."

Rate and Coverage Covenant. The Authority has covenanted to maintain parking rates and charges for the Parking Garage at levels sufficient to generate in each Fiscal Year Net Operating Revenues equal to at least one and a half times (1.50x) Net Maximum Annual Debt Service for the Bond Year commencing in such Fiscal Year. All as defined and described in "SECURITY FOR THE BONDS – Rate and Coverage Covenant." With respect to the Prior Bonds, the Authority failed to comply with the rate and coverage covenants applicable to the Prior Bonds, as described under "THE PLAN OF FINANCE."

Limitations on Parity Debt

The Authority has covenanted not to issue any bonds or other indebtedness that has a claim on Gross Revenues superior or equal to and on parity with the Bonds, except for certain refunding bonds. The Successor Agency has covenanted not to issue any additional bonds secured by a pledge of the Special Tax, except for possible refunding bonds. See "SECURITY FOR THE BONDS – No Additional Bonds."

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. See "CONCLUDING INFORMATION - Tax Matters."

Continuing Disclosure

The Authority will covenant to provide, or cause to be provided, certain annual financial and other information with respect to the Bonds. The Authority has further agreed to provide notice of certain material events. In certain instances, the Authority has previously failed to make timely filings required by other continuing disclosure obligations. The Authority and the City are currently taking steps to ensure compliance with future continuing disclosure obligations. See "CONCLUDING INFORMATION - Continuing Disclosure" and see APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE for a description of the specific nature of the reports to be filed by the Authority, and the notices of material events to be provided by the Authority.

Bondholders' Risks

The Bonds are not rated by any nationally recognized rating agency. The purchase of the Bonds involves significant risks, and the Bonds may not be appropriate investments for some investors. See "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the caption "HISTORICAL AND PROJECTED REVENUES AND COVERAGE - Projected Revenues and Debt Service Coverage."

The achievement of certain results of other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any

future results, performance or achievements which may cause actual results, performance, or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

Additional Information

Brief descriptions of the Bonds, the Indenture, the security for the Bonds and certain other documents and information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. Any references to documents herein are qualified by reference to the complete text thereof. Copies of documents referenced herein may be obtained upon written request and payment of the cost of duplication from the office of the City Clerk of the City of South Lake Tahoe, 1901 Airport Road, Suite 206, South Lake Tahoe, California 96150.

THE PLAN OF FINANCE

Overview

A portion of the proceeds of the Bonds will be used to pay or refund and legally defease, on a current basis, all of the outstanding Prior Bonds, which are currently outstanding in the principal amount of \$7,270,000. The Prior Bonds were issued under an Indenture dated as of June 1, 2002 (the "Prior Indenture") between the Authority and BNY Western Trust Company (now known as The Bank of New York Mellon Trust Company, N.A.), as trustee (the "Prior Trustee").

Prior Bonds

The Prior Bonds were issued to finance construction of the Parking Garage and were secured by a pledge of all revenues of the Parking Garage and Surplus Special Tax Revenues received under the Parking Facility Agreement, originally capped at \$190,000 a year. Prior to issuing the Prior Bonds, the Authority had hired a parking consultant to prepare a parking feasibility study (the "Parking Feasibility Study") dated July 9, 2002, which estimated the demand for, and the revenue generating potential of the Parking Garage. However, since its opening, the annual revenues of the Parking Garage have been significantly below the projections of the Parking Feasibility Study. To date, gross revenues, together with capitalized interest and other amounts on hand under the Prior Indenture, have been sufficient to pay all debt service when due on the Prior Bonds but the Authority has not been able to satisfy the terms of the rate covenant and coverage requirements in recent years. See "HISTORICAL AND PROJECTED REVENUES AND COVERAGE."

Under the Prior Indenture, the Authority covenanted upon completion of the Parking Garage to maintain parking rates and charges for the Parking Garage at levels sufficient to generate in each Fiscal Year, operating revenues at least sufficient (i) to pay all maintenance and operation expenses in such Fiscal Year, and (ii) to provide net operating revenues (operating revenues less maintenance and operation expenses) in such Fiscal Year equal to at least 1.3 times net maximum annual debt service (the "2002 Prospective Coverage Test"). Net maximum annual debt service was equal to the annual debt service net of the amount of annual debt service that could be paid from available surplus special tax revenues at 110% coverage. On or before December 1 of each year the Authority was required to provide the Trustee with a

certificate of the Financial Consultant calculating the actual ratio of net operating revenues for the preceding Fiscal Year to net maximum annual debt service for the Bond Year beginning in such Fiscal Year (the "2002 Actual Coverage Test"). Satisfaction of the 2002 Actual Coverage Test required a minimum 1.3-to-1 ratio of actual net operating revenue to net maximum annual debt service and confirmation that surplus special tax revenues for the preceding Fiscal Year were not less than \$190,000. The 2002 Prospective Coverage Test and 2002 Actual Coverage Test have not been met in any of the five most recent Fiscal Years.

Over the years, the Authority has actively managed the parking rate structure, operations and marketing of the Parking Garage in efforts to enhance revenues and debt service coverage. See also "THE PARKING GARAGE – Operating History." To further strengthen the financial position of the Parking Garage, the Original Agency refunded its outstanding Community Facilities District No. 2001-1 Special Tax Bonds on January 30, 2007. In conjunction with the refunding, the Authority and the Original Agency agreed to permit the dedication to the Prior Bonds of surplus Special Taxes in excess of the \$190,000 cap on the transfer of Surplus Special Tax Revenues. The refunding debt service was structured to enable the Original Agency to increase the transfer of Surplus Special Tax Revenues to the Authority from \$190,000 to approximately \$330,000 annually for a six-year period ending with Fiscal Year 2012-13. Without a refunding of the Prior Bonds, the Authority does not expect to have sufficient revenues to meet debt service obligations on the Prior Bonds in Fiscal Year 2013-14.

2013 Refunding

The proceeds of the Bonds will primarily be used to pay and prepay the outstanding Prior Bonds. The refunding will lower annual debt service payments, in part by extending the final maturity, in order to improve debt service coverage and enable re-capitalization of the Parking Garage reserves.

The Prior Bonds are subject to redemption on any date on or after December 1, 2013 at a redemption price equal to 101% of the outstanding principal amount of the Prior Bonds, plus accrued interest through the redemption date. On the date of issuance of the Bonds (the "Closing Date"), the Authority will cause a portion of the proceeds of the Bonds to be transferred to the Prior Trustee for deposit into a refunding account (the "Escrow Fund"). The proceeds of the Bonds, together with other amounts available under the Prior Indenture, deposited in the Escrow Fund will be sufficient to defease, pay and redeem the Prior Bonds in full. All amounts held in the Escrow Fund will be applied on December 2, 2013 to pay the redemption price for the Prior Bonds.

The amounts held and invested by the Prior Trustee in the Escrow Fund are pledged solely to the payment of the Prior Bonds. Neither the funds deposited in the Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

Estimated Sources and Uses of Funds

Sources

Principal Amount of Bonds	\$7,735,000.00
Net Original Issue Discount	(65,439.65)
Transfers from Prior Bond Funds ⁽¹⁾	901,504.64
Transfer from Authority	<u>75,000.00</u>
Total	\$8,646,064.99

Uses

Refunding Account	\$7,594,251.00
Costs of Issuance Account ⁽²⁾	330,750.88
Bond Reserve Account ⁽³⁾	569,550.00
Supplemental Reserve Account ⁽⁴⁾	<u>151,513.11</u>
Total	\$8,646,064.99

(1) Consists of amounts transferred from the maintenance and operation fund, the revenue fund, the reserve fund and the supplemental reserve fund for the Prior Bonds.

(2) Includes legal fees, underwriter's discount, financial advisory fees, printing costs and other miscellaneous costs of issuance.

(3) Equal to the Reserve Requirement for the Bonds.

(4) Represents initial deposit; additional contributions will be made to the Supplemental Reserve Account in each Bond Year until amounts therein equal the Supplemental Reserve Account Requirement.

Estimated Debt Service

The schedule below shows the annual debt service on the Bonds (assuming no optional redemption of the Bonds).

DEBT SERVICE SCHEDULE

Bond Year Ending (December 1)	Principal	Interest	Debt Service
2014	\$205,000	\$361,096.53	\$566,096.53
2015	215,000	350,000.00	565,000.00
2016	225,000	343,550.00	568,550.00
2017	235,000	334,550.00	569,550.00
2018	240,000	325,150.00	565,150.00
2019	250,000	315,550.00	565,550.00
2020	260,000	308,050.00	568,050.00
2021	270,000	298,950.00	568,950.00
2022	280,000	288,825.00	568,825.00
2023	290,000	277,625.00	567,625.00
2024	300,000	266,025.00	566,025.00
2025	315,000	253,275.00	568,275.00
2026	330,000	239,100.00	569,100.00
2027	345,000	224,250.00	569,250.00
2028	360,000	207,862.50	567,862.50
2029	375,000	189,862.50	564,862.50
2030	395,000	171,112.50	566,112.50
2031	415,000	151,362.50	566,362.50
2032	435,000	130,612.50	565,612.50
2033	460,000	107,231.26	567,231.26
2034	485,000	82,506.26	567,506.26
2035	510,000	56,437.50	566,437.50
2036	540,000	29,025.00	569,025.00

THE BONDS

General Provisions

The Bonds will be issued in the form of a separate single fully registered bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all the Bonds, and will be available to ultimate purchasers in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners will mean Cede & Co., and will not mean the purchasers or Beneficial Owners of the Bonds. Payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of Participants and Indirect Participants, as more fully described herein. See APPENDIX C – THE BOOK-ENTRY SYSTEM.

Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2014 (each, an "Interest Payment Date") and will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless (a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or (c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. "Record Date" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. If an Owner of Bonds in an aggregate principal amount of at least \$1,000,000 files a written request with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States as specified in such written request, until such request is rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Redemption of Bonds

Optional Redemption. The Bonds maturing on or before December 1, 2023, are not subject to optional redemption prior to their stated maturity dates. The Bonds maturing on or after December 1, 2024, are subject to redemption on or after December 1, 2023, at the option of the Authority from any source of available funds deposited into the Optional Redemption Account within the Bond Redemption Fund, as a whole or in part, on any date, and if in part in such order of maturities as may be designated in a Written Request of the Authority and, if not so designated, pro rata among maturities (and by lot within each maturity) at the redemption price equal to the principal amount called for redemption together with accrued interest to the date fixed for redemption, without premium.

Sinking Account Redemption. The Term Bonds maturing December 1, 2031 and December 1, 2036 are also subject to redemption prior to maturity, in part, by lot, in each of the years as set forth in the following table, from deposits made for such purpose pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof may be purchased, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to the Indenture, the total amount of all future payments described in this paragraph with respect to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments in integral multiples of \$5,000 as determined by the Authority (written notice of which determination will be given by the Authority to the Trustee).

Term Bonds Maturing 2031

Sinking Fund Redemption Date (December 1)	Principal Amount To Be Redeemed
2029	\$375,000
2030	395,000
2031 (maturity)	415,000

Term Bonds Maturing 2036

Sinking Fund Redemption Date (December 1)	Principal Amount To Be Redeemed
2032	\$435,000
2033	460,000
2034	485,000
2035	510,000
2036 (maturity)	540,000

Extraordinary Redemption. The Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority as a whole or in part on any date, from insurance or condemnation proceeds required to be deposited in the Extraordinary Redemption Account within the Bond Redemption Fund pursuant to the Indenture, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium. If Bonds are redeemed in part as described in this paragraph, moneys in the Extraordinary Redemption Account will be allocated in such order of maturities as may be designated in a

Written Request of the Authority or, if not so designated, pro rata among maturities and by lot within each maturity.

Notice of Redemption. Notice of redemption prior to maturity will be given by first-class mail, postage prepaid not less than 30 nor more than 60 days prior to the redemption date, to the Owner of each Bond to be redeemed at the address shown on the registration books of the Trustee provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. The notice of redemption will state the redemption date, the place or places of redemption, the maturities, and, if less than all of any such maturity, the distinctive numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will state that on the set redemption date there will become due and payable on each of said Bonds, the redemption price, if any, thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered.

In the event of redemption of Bonds (other than sinking fund redemption), the Trustee will mail a notice of redemption upon receipt of a Written Request of the Authority. Such notice may provide that redemption is conditional upon the Trustee having funds available for the redemption on the date designated for such redemption and may provide for rescission of the contemplated redemption in the event that funds do not become available.

SECURITY FOR THE BONDS

Limited Obligations

The Bonds are not general obligations of the Authority. The Bonds are limited obligations of the Authority secured by and payable from Gross Revenues and other amounts held in the funds and accounts established under the Indenture and available for payment on the Bonds. The Bonds do not constitute an indebtedness of the Authority, the Successor Agency or the City within the meaning of any constitutional or statutory debt limitation or restriction.

Pledge of Gross Revenues

The Bonds are secured by a first lien on and pledge of all of the "Gross Revenues" received by the Authority. Under the Indenture, Gross Revenues include (i) any and all income, rents, rates, fees, charges, insurance and condemnation proceeds or other moneys received or receivable in connection with, or derived by the Authority from the ownership or operation of, or arising from, the Parking Garage, but excluding parking violation enforcement proceeds, any local, state or federal fee or tax imposed on occupancy of parking spaces, and any security deposits collected in the operation of the Parking Garage ("Operating Revenues") and (ii) certain Surplus Special Tax Revenues. Maintenance and Operation Expenses of the Parking Garage will be paid out of Gross Revenues prior to debt service on the Bonds.

Rate and Coverage Covenant

In the Indenture, the Authority has covenanted, for so long as any of the Bonds are Outstanding, to establish and maintain or cause to be established and maintained such rules and regulations and such rentals, rates, fees and charges for the use of the Parking Garage as will be required to generate in each Fiscal Year Net Operating Revenues equal to at least 1.50 times Net Maximum Annual Debt Service for the Bond Year commencing in such Fiscal Year (the "Coverage Test"). "Net Maximum Annual Debt Service" is defined in the Indenture, for any Bond Year, an amount equal to the greater of (a) Maximum Annual Debt Service minus the quotient derived from dividing (i) the amount of Surplus Special Tax Revenues reasonably expected to be transferred to the Authority pursuant to the Parking Facility Agreement, by (ii) 1.10; or (b) 50% of Maximum Annual Debt Service.

In the event that at any time the Coverage Test is not met for two consecutive Fiscal Years and the balance in the Supplemental Reserve Account is less than the Supplemental Reserve Account Requirement at the end of such second Fiscal Year, the Authority will promptly retain the services of a Parking Consultant. Such Parking Consultant will examine the rents, fees and prices as well as the Maintenance and Operation Expenses for the Project and will file a report with the Trustee, the Participating Underwriter and the Authority containing recommendations of actions that may increase the amount of Net Operating Revenues. The Participating Underwriter or the Trustee may consult with the Parking Consultant during its examination and preparation of such report and will be provided all information concerning such Parking Consultant's examination and report, the Net Operating Revenues, the Project or such other matters as any of them may reasonably request.

Bond Reserve Account

Proceeds of the Bonds will be deposited in the Bond Reserve Account in the amount of the Bond Reserve Account Requirement equal to the lesser of (i) Maximum Annual Debt Service on the Bonds, (ii) 10% of the total of the proceeds of the Bonds, and (iii) 125% of average Annual Debt Service on the Bonds.

The moneys in the Bond Reserve Account will be used (i) for payment of Annual Debt Service, but only to the extent that amounts then on deposit in the Bond Interest Account and Bond Principal Account, are not sufficient to make such payments, or (ii) for the retirement of all or a portion of the Bonds then outstanding (either upon maturity or redemption). See APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - Indenture.

Supplemental Reserve Account

Pursuant to the Indenture, prior to each Interest Payment Date, the Authority will transfer a portion of Gross Revenues to the Trustee for deposit to the Supplemental Reserve Account, as described under "- Application of Gross Revenues" below, until the amount in the Supplemental Reserve Account is equal to the Supplemental Reserve Account Requirement. The "Supplemental Reserve Account Requirement" is, as of any date of calculation, an amount equal to the sum of two times Maximum Annual Debt Service, plus any amount necessary, together with amounts then on deposit in the Surplus Revenue Account, to satisfy the Renewal and Replacement Requirement. The Renewal and Replacement Requirement is defined as, as of any date, the amount that is necessary, in the opinion of the City, to provide during the next five years (or such longer period not to exceed ten years as the City determines) for the reasonably anticipated costs of repair, replacement and renewal of the Project in order to maintain the Project in good repair, working order and condition, and which amount will be set

forth in the current annual budget for the Project prepared by the Authority. At closing, the Authority will transfer the amount of \$75,000 to the Trustee and the Trustee will transfer said amount plus \$76,513.11 from the supplemental reserve for the Prior Bonds as an initial deposit in the Supplemental Reserve Account, and additional deposits will be made from Gross Revenues as described under “- Application of Gross Revenues” below. The Authority expects that the Supplemental Reserve Account will not be fully funded for several years.

See "- Special Funds Held by the Trustee" below. See also APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - Indenture.

Application of Gross Revenues

The following briefly summarizes the application of Gross Revenues under the Indenture. For a more detailed summary, see APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - Indenture.

The Authority will deposit all Gross Revenues, as received, in the Revenue Fund, which fund will be established, maintained and held in trust by the Authority; provided, however, that certain proceeds of insurance policies or condemnation awards will be deposited into the Insurance and Condemnation Proceeds Fund in accordance with the Indenture. Subject to the requirement that certain insurance or condemnation proceeds may be required to be deposited in the Insurance and Condemnation Proceeds Fund for repair of the Parking Garage or extraordinary redemption of Bonds, the Authority will make transfers from the available moneys in the Revenue Fund, for the following purposes, and in the following order of priority:

Maintenance and Operation and Expenses. The Authority will apply amounts of Gross Revenues on deposit in the Revenue Fund to pay all Maintenance and Operation Expenses as and when due.

Debt Service Fund and Bond Reserve Account. So long as any Bonds remain Outstanding, the Authority will withdraw from the Revenue Fund and pay to the Trustee prior to each Interest Payment Date for deposit into the Debt Service Fund (described below) an amount which, together with other available amounts then on deposit in the Debt Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the Bonds in the current year, plus any amount required to replenish the Bond Reserve Account.

District Expenses. So long as any Bonds remain Outstanding, after satisfying the required deposits to the Debt Service Fund for the Bond Year, the Authority will withdraw from the Revenue Fund (or from the Supplemental Reserve Account, if necessary) and pay or transfer to the Successor Agency or the District an amount necessary to pay Administrative Expenses of the District (as defined in the CFD Indenture) incurred as of the date of transfer, up to the amount of \$50,000 per Bond Year.

Supplemental Reserve Account. So long as any Bonds remain Outstanding, the Authority will withdraw from the Revenue Fund and pay to the Trustee prior to each Interest Payment Date for deposit into the Supplemental Reserve Account, the amount required to bring the balance in the Supplemental Reserve Account to an amount equal to the Supplemental Reserve Account Requirement. No deposit need be made in the Supplemental Reserve Account so long as there is in the Supplemental Reserve Account a sum equal to the Supplemental Reserve Account Requirement or when and if the sum of the amounts contained therein and in the Debt Service Fund and Bond Reserve Account are at least equal to the sum

of the aggregate principal amount of all of the Bonds then Outstanding and all of the interest then due or thereafter to become due on all such Bonds.

Surplus Revenue Account. For each Bond Year, if there are any funds remaining on deposit in the Revenue Fund after making all of the transfers from the Revenue Fund described above, the Authority will deposit such amount in the Surplus Revenue Account held by the Authority. So long as no Event of Default has occurred and is continuing, amounts in the Surplus Revenue Account may be applied or withdrawn by the Authority for any of the following purposes: (i) to purchase or redeem Bonds prior to maturity in accordance with the Indenture, (ii) to pay or transfer to the Successor Agency amounts for reimbursement of administrative costs relating to the District, (iii) for any purpose incidental to the acquisition, construction, furnishing, equipping, operation, maintenance, renewal, replacement or improvement of the Parking Garage or any part thereof, or (iv) to the extent that the amount remaining in the Surplus Revenue Fund exceeds the Renewal and Replacement Requirement, for transfer to any fund or account of the Authority for any lawful purposes.

Special Funds Held by Trustee

Debt Service Fund. The Trustee will establish a special fund to be known as the "Debt Service Fund" (the "Debt Service Fund"), which will be maintained by the Trustee so long as any of the Bonds are Outstanding. The Debt Service Fund consists of two sub-accounts designated as the Bond Interest Account and the Bond Principal Account. The Trustee will make transfers from the available moneys in the Debt Service Fund for the following purposes, in the following order of priority, as hereinafter provided:

Bond Interest Account. On or before each Interest Payment Date, the Trustee will transfer in the Debt Service Fund and deposit in the Bond Interest Account, an amount, when added to the amount, if any in the Bond Interest Account, equal to the amount of interest becoming due and payable on all Outstanding Bonds on the next Interest Payment Date. Moneys in the Bond Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Bond Principal Account. On or before each Interest Payment Date upon which principal is due, and after the deposit to the Bond Interest Account has been made, the Trustee will transfer from available moneys in the Debt Service Fund and deposit in the Bond Principal Account, an amount, when added to the amount, if any in the Bond Principal Account, equal to the amount of principal becoming due and payable on all Outstanding Bonds on the next Interest Payment Date. Moneys in the Bond Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it becomes due and payable (including for the purchase or redemption of Bonds prior to their fixed maturity date)

Bond Reserve Account. The Trustee will establish a special fund to be known as the "South Tahoe Parking Bond Reserve Account" (the "Bond Reserve Account"), which will be maintained by the Trustee so long as any of the Bonds are Outstanding.

After each Interest Payment Date, the Trustee will transfer from available moneys in the Debt Service Fund and deposit in the Bond Reserve Account, after giving effect to prior deposits, all moneys that are required to maintain a balance in the Bond Reserve Account at least equal to the Reserve Requirement. Such balance may be satisfied by a Bond Reserve Account Credit

Facility, which will be applied solely in accordance with its terms, for the purpose of paying the principal of or interest on the Bonds secured by such Bond Reserve Account Credit Facility. The moneys in the Bond Reserve Account will be used (i) for payment of Annual Debt Service, but only to the extent that amounts then on deposit in the Bond Interest Account and Bond Principal Account after transfer to such Accounts are not sufficient to make such payments, or (ii) for the retirement of all or a portion of the Bonds then outstanding (either upon maturity or redemption).

Supplemental Reserve Account. The Trustee will establish a separate fund to be known as the "South Tahoe Parking Supplemental Reserve Account" (the "Supplemental Reserve Account"), which fund shall be maintained so long as any of the Bonds are Outstanding. See "Supplemental Reserve Account" above.

Moneys in the Supplemental Reserve Account will be available to the Trustee for paying the principal of or interest on the Bonds in the event moneys in the Debt Service Fund are not sufficient to pay scheduled payments on the Bonds. Moneys in the Supplemental Reserve Account will also be available to be transferred to the Authority upon submission of a Written Order of the Authority for any of the following purposes: (i) paying any Maintenance and Operation Expenses then due and payable; or (ii) paying any necessary costs of renewal or replacement of the Parking Garage (but only to the extent that amounts on deposit in the Surplus Revenue Account are not sufficient to make such payments); (iii) paying or reimbursing Administrative Expenses of the District (as defined in the CFD Indenture); or (iv) instructing the Trustee to utilize such moneys for the retirement or defeasance of all of the Bonds then Outstanding (either upon maturity or other redemption) in accordance with their terms.

If on December 2nd of any year, the amount in the Supplemental Reserve Account at any time exceeds the Supplemental Reserve Account Requirement, the Trustee will withdraw the amount of such excess from said fund and transfer such amount to the Authority for deposit into the Surplus Revenue Account.

Investment of Funds and Accounts

Under the Indenture, amounts in any of the funds and/or accounts established by the Indenture and held by the Trustee will be invested by the Trustee only in Permitted Investments. All interest, profits and other income received from the investments of moneys in any other fund or account established pursuant to the Indenture will be deposited when received in the Debt Service Fund. See APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - Indenture.

Insurance

The terms of the Indenture require the Authority to procure and maintain fire and extended coverage, earthquake insurance (if the Authority in its discretion determines that earthquake insurance is available on the open market from reputable insurance companies at reasonable cost), business interruption insurance, boiler and machinery insurance and public liability insurance at certain stated minimum coverage levels on all facilities of the Parking Garage while any of the Bonds are Outstanding. The proceeds of such insurance and the proceeds of any condemnation awards with respect to the Parking Garage will be deposited into the Insurance and Condemnation Proceeds Fund under the Indenture and used to either repair or replace the damaged, destroyed or taken property, or if the Authority elects not to repair or replace damaged, destroyed or taken property, to redeem the Bonds; *except that* proceeds of business interruption insurance will be deposited in the Revenue Fund. See APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - Indenture. See also "THE PARKING GARAGE – Insurance" for a description of the insurance currently held by the Authority with respect to the Parking Garage.

Parking Revenues

Under the Indenture, the Operating Revenues of the Parking Garage are included in the Gross Revenues pledged to the payment of debt service on the Bonds. The Operating Revenues consist of any and all income, rents, rates, fees, charges, insurance and condemnation proceeds or other moneys received or receivable in connection with, or derived by the Authority from the ownership or operation of, or arising from, the Parking Garage, but excluding parking violation enforcement proceeds, any local, state or federal fee or tax imposed on occupancy of parking spaces, and any security deposits collected in the operation of the Parking Garage. Operating Revenues will be deposited in the Revenue Fund held by the Authority and allocated, together with other monies in the Revenue Fund constituting Gross Revenues, to the various funds and accounts established under the Indenture as described above. Notwithstanding the foregoing, certain proceeds of insurance policies or condemnation awards will be deposited into the Insurance and Condemnation Proceeds Fund in accordance with the Indenture. For information on the Parking Garage and Operating Revenues, see "THE PARKING GARAGE" and "HISTORICAL AND PROJECTED REVENUES AND COVERAGE;" see also "RISK FACTORS – Risk Factors Relating to the Parking Garage."

Surplus Special Tax Revenues

Authorization and Pledge. On July 10, 2001, at a special election held pursuant to the Act, the owners of the property within the boundaries of the District, who were the qualified voters, authorized the District to incur a bonded indebtedness in an amount not to exceed \$30,000,000. On June 18, 2002, the qualified voters approved an amended Rate and Method of Apportionment specifying the Special Tax to be levied to pay the principal of, and interest on, such bonded indebtedness and other annual costs.

In the Parking Facility Agreement, the Successor Agency has covenanted to cause the District to levy its Special Taxes at the maximum rate permitted by the Rate and Method of Apportionment during each Fiscal Year in order to satisfy the requirements of the Indenture and to satisfy certain requirements of a Bond Indenture, dated as of February 1, 2007 (the "CFD Indenture"). Under the CFD Indenture, the District issued its Community Facilities District No. 2001-1 Series 2007 Special Tax Refunding Bonds (Heavenly Village) (the "2007 CFD Bonds") payable from the Special Taxes. **For so long as the 2007 CFD Bonds are outstanding, the obligation of the Successor Agency to transfer Surplus Special Tax Revenues to the**

Authority is subordinate to the requirements to deposit Special Taxes into the Interest Account, Principal Account, Redemption Account, Reserve Account and Rebate Fund under the CFD Indenture, as described below. The final maturity for the 2007 CFD Bonds is October 1, 2031. The Successor Agency has covenanted not to issue additional bonds payable from Special Taxes, other than certain refunding bonds. See “- No Additional Bonds” below.

Under the Indenture and the Parking Facility Agreement, “Surplus Special Tax Revenues” is defined as an amount equal to the Special Taxes levied in the District at the maximum annual amount authorized for the District and collected by the Successor Agency, less amounts of such Special Taxes needed to meet the requirements of the CFD Indenture to deposit Special Taxes into the Interest Account, Principal Account, Redemption Account, Reserve Account and Rebate Fund (each as defined in the CFD Indenture), with no deduction made for the Administrative Expense Cap or for Administrative Expenses (each as defined in the CFD Indenture).

In the Parking Facility Agreement, the Successor Agency covenants that, after payment in full of any special tax bonds of the District, it will continue to levy (or cause such levy to be continued) the Special Taxes at the maximum rate as necessary to meet its obligations under the Parking Facility Agreement and the Indenture. However, under the terms of the Dissolution Act as it currently exists, the Successor Agency may be dissolved one year after payment in full of all debt obligations of the Successor Agency. No assurance can be given that the Successor Agency will continue in existence until the final payment date for the Surplus Special Tax Revenues to the Authority. See “RISK FACTORS – Dissolution of Successor Agency.”

Surplus Special Tax Revenues received by the Authority are pledged to payment on the Bonds and will be deposited in the Revenue Fund and allocated, together with other monies in the Revenue Fund constituting Gross Revenues, to the various funds and accounts established under the Indenture.

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to provide sufficient Surplus Special Tax Revenues after satisfying certain requirements of the CFD Indenture. See “THE COMMUNITY FACILITIES DISTRICT” and “RISK FACTORS – Risk Factors Relating to Surplus Special Taxes;” see also APPENDIX F – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.

Foreclosure. The net proceeds received following a judicial foreclosure sale of land within the District resulting from an owner’s failure to pay the Special Taxes when due are included in the Surplus Special Tax Revenues pledged to payment on the Bonds. In the Parking Facility Agreement, the Successor Agency has covenanted, until the obligations of the Successor Agency under the Parking Facility Agreement are satisfied and notwithstanding any future payment in full of the 2007 CFD Bonds, to foreclose the lien of the Special Taxes as follows: (i) the Successor Agency will commence judicial foreclosure proceedings against all parcels owned by a property owner where the aggregate delinquent Special Taxes on such parcels is greater than \$1,000 by the December 1 following the close of each Fiscal Year in which such Special Taxes were due, and (ii) the Successor Agency will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 90% of the total Special Taxes levied for such Fiscal Year, and (iii) will diligently pursue such foreclosure proceedings in accordance with the provisions of the Act and applicable law until the delinquent Special Taxes are paid.

If foreclosure is necessary and other funds have been exhausted, debt service payment on the Bonds could be delayed. In addition, no assurance can be given that the property subject to foreclosure and sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent installments of Special Taxes. For so long as the 2007 CFD Bonds are outstanding, the obligation of the Successor Agency to transfer Surplus Special Tax Revenues (including any net proceeds of foreclosure) to the Authority is subordinate to the obligation to pay debt service under the CFD Indenture. See also "THE COMMUNITY FACILITIES DISTRICT" and "RISK FACTORS – Risk Factors Relating to Surplus Special Taxes."

No Additional Bonds

In the Indenture, the Authority covenants and agrees that it will not incur any indebtedness or financial obligations by borrowing money, by assuming or guaranteeing the obligations of others, by entering into installment purchase contracts or leases required to be capitalized in accordance with generally accepted accounting principles, and which have a claim on Gross Revenues superior or equal to and on a parity with the Bonds, except the Authority may refund a portion of the Bonds with bonds secured on a parity basis to achieve annual debt service savings.

In the Parking Facility Agreement, the Successor Agency covenants not to issue or cause the District to issue any additional bonds secured by a pledge of the Special Tax for the purpose of financing additional public facilities. Without further consent of the Authority, the Successor Agency may issue or cause the District to issue from time to time bonds to refund outstanding bonds of the District so long as the issuance of such refunding bonds results in a reduction in the annual debt service payable from the proceeds of the Special Tax.

SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY

On June 18, 2002, the City and the Original Agency each adopted resolutions approving a joint exercise of powers agreement (the "Joint Powers Agreement") establishing the Authority. The Act authorizes the Authority to issue Bonds for the purpose of financing various public capital improvements and other needs as determined by the local agency. The City and the Original Agency established the Authority for the purpose of financing the capital improvements needed in connection with the Original Agency's redevelopment plan, including the Parking Garage. The Authority's governing board is comprised of the members of the City Council.

The Authority is subject to the laws of the State, including the open meeting law. Under the provisions of the Act, the Authority may negotiate the sale of securities it sells to finance the various public projects.

The Authority has covenanted that, in the event that the Successor Agency is to be dissolved by operation of law prior to payment in full of the Bonds and such dissolution will have an adverse effect upon the continued existence of the Authority, prior to such dissolution occurring the Authority will add a member or otherwise amend the Joint Powers Agreement such that the continued existence of the Authority will be assured. See also "RISK FACTORS – Dissolution of Successor Agency."

THE REDEVELOPMENT AGENCY

The South Tahoe Redevelopment Agency (the “Original Agency”) was established in 1981 for the purpose of eliminating and preventing blight in designated redevelopment areas. The members of the City Council also served as members of the governing board of the Original Agency. As the result of Assembly Bill 26 (“AB X1 26”), enacted at the end of June 2011, as upheld and modified by the California Supreme Court by its decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* 53 Cal.4th 231 (2011), all redevelopment agencies in the State, including the Original Agency, were dissolved as of February 1, 2012. In June 2012, the State Legislature enacted Assembly Bill 1484 (“AB 1484”), amending and supplementing AB X1 26. AB X1 26 and AB 1484, together, are referred to in this Official Statement as the “Dissolution Act.”

The Dissolution Act provides for the establishment of a successor agency for each former redevelopment agency. On September 27, 2011, the City Council of the City adopted Resolution 2011-54, electing for the City serve as the Successor Agency to the South Tahoe Redevelopment Successor Agency (the “Successor Agency”). Upon the dissolution of the Original Agency, all properties, assets, contracts, leases, books and records, buildings, and equipment of redevelopment agencies were transferred to the control of the Successor Agency by operation of law. The Successor Agency is tasked with the wind down the affairs of the Original Agency, pursuant to the procedures and provisions of the Dissolution Act. The Successor Agency does not have any legal authority to participate in redevelopment activities, except to complete work related to enforceable obligations (as defined under the Dissolution Act).

Although the City has elected to serve as the Successor Agency, the Dissolution Act expressly clarifies that the City and the Successor Agency remain separate public entities and did not merge. Neither the liabilities nor the assets of the Original Agency were transferred to the City by the virtue of the City’s election to serve as the Successor Agency.

The Dissolution Act provides that when all the debt of a redevelopment agency has been retired or paid off, the Successor Agency will terminate its existence within one year of the final debt payment. However, no definition of “debt of a redevelopment agency” is given. As such, there can be no assurance that the Successor Agency will continue in existence beyond one year after the final payment of its obligations related to bonded debt. The 2007 CFD Bonds are currently scheduled to mature on October 1, 2031, and other outstanding debt of the Successor Agency has a final maturity date of October 1, 2037. Accordingly, under the Dissolution Act as it currently exists, no assurance can be given that the Successor Agency will continue in existence until the final payment date for the Surplus Special Tax Revenues to the Authority. The final maturity date of the Bonds is December 1, 2037. See also “RISK FACTORS – Dissolution of Successor Agency.”

In the Parking Facility Agreement, the Successor Agency has covenanted, that in the event that the Successor Agency is to be dissolved by operation of law prior to payment in full of the Bonds and such dissolution will have an adverse effect upon the continued payment of Surplus Special Tax Revenues, prior to such dissolution occurring the Successor Agency will use its best efforts to take such action as is necessary to assure the continued payment of Surplus Special Tax Revenues to the Authority for so long as the Bonds or any bonds issued to refund the Bonds are outstanding.

THE PARKING FACILITY AGREEMENT

The Original Agency and the Authority entered into a Parking Facility Agreement, dated as of June 1, 2002, as amended by the First Amendment to Parking Facility Agreement, dated as of November 1, 2013, between the Successor Agency and the Authority (as amended, the "Parking Facility Agreement") with respect to the Parking Garage. Under the Parking Facility Agreement, the Authority has covenanted to provide for the planning, design, construction and operation of the Parking Garage, and the Successor Agency has covenanted (1) to transfer Surplus Special Tax Revenues to pay or prepay principal or interest on the Bonds or otherwise provide for improvements to the Parking Garage, (2) not to issue any additional bonds secured by a lien of the Special Taxes for the purpose of financing additional facilities, (3) to levy Special Taxes in the District at the maximum rate as necessary to meet all obligations under the Parking Facility Agreement and the Indenture, and (4) to foreclose the lien of the Special Tax in certain circumstances. See "SECURITY FOR THE BONDS – Surplus Special Tax Revenues" and APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Parking Facility Agreement.

The Successor Agency is tasked with the wind down of the affairs of the Original Agency, and the Successor Agency's actions, under general circumstances, are subject to the limitations set forth in the Dissolution Act (see "THE REDEVELOPMENT AGENCY" above). Pursuant to the Dissolution Act, an Oversight Board has been established for the Successor Agency. The Oversight Board is comprised of representatives from various local taxing entities. The Dissolution Act prescribes that certain actions of the Successor Agency must first be approved by the Oversight Board, and that the Oversight Board's actions are subject to review by the California State Department of Finance (the "DOF"). For example, the Successor Agency is required to prepare a Recognized Obligation Payment Schedule ("ROPS") every six months for the upcoming six-month fiscal period. The Successor Agency may not make a payment from property tax (formerly known as tax increment) allocated to the Successor Agency or any other revenue source of the Successor Agency unless that payment has been listed on a ROPS approved by the Oversight Board and the DOF.

The Dissolution Act, however, does not contain any provision addressing the special circumstances where the governing board of the Successor Agency would be acting as the legislative body of the District, which is a separate legal governmental entity under the CFD Act. On July 2, 2013, the Oversight Board of the Successor Agency adopted its Resolution No. 2013-04, approving the execution and delivery of the First Amendment to Parking Facility Agreement and also making the following findings and determinations:

- (a) The District is a legal governmental entity, separate from the Successor Agency;
- (b) All Special Tax Revenues are revenues of the District and not of the Successor Agency;
- (c) Collection of, and payments out of, Special Tax Revenues are subject to the CFD Act and the Rate and Method and not the Dissolution Act;
- (d) Despite the status of the governing board of the Successor Agency as the legislative body of the District, payments out of Special Tax Revenues, including all "Annual Costs" as defined under the Rate and Method (including, but not limited to, payments under the Parking Facility Agreement, as amended by the First Amendment to

Parking Facility Agreement), are not payments by the Successor Agency for the purposes of the Dissolution Act, but are payments by the District; and

(e) Payments out of Special Tax Revenues, including payments of any Annual Costs, as defined under the Rate and Method (including, but not limited to, payments under the Parking Facility Agreement, as amended), will not be included in any ROPS of the Successor Agency or be subject to other requirements of the Dissolution Act.

See also “RISK FACTORS – Dissolution of Successor Agency.”

Resolution No. 2013-04 was submitted to the DOF after its adoption by the Oversight Board. On July 31, 2013, the Successor Agency received a letter from the DOF affirming the DOF’s approval of Resolution No. 2013-04.

Under the Parking Facility Agreement, as originally executed, the Original Agency covenanted to take all actions as directed by the Authority to transfer the Original Agency’s interest in the Parking Garage to the Authority. On July 2, 2013, the Authority adopted a resolution directing the transfer of the Successor Agency’s title to and interest in the Parking Garage to the Authority. Subsequently, the Oversight Board adopted its Resolution No. 2013-03, making a finding and determination that the transfer of the Parking Garage as directed by the Authority was required pursuant to an enforceable obligation of the Successor Agency and approving the execution and delivery of a quitclaim deed (the “Quitclaim Deed”) by the Successor Agency to affect such transfer. The Oversight Board’s Resolution No. 2013-03 was submitted to the DOF. On July 31, 2013, the Successor Agency received a letter from the DOF affirming the DOF’s approval of Resolution No. 2013-03. After receipt of such DOF approval, the Successor Agency executed the Quitclaim Deed, which was then recorded in the Official Records of the County Recorder of the County of El Dorado, California, on August 2, 2013.

THE PARKING GARAGE

Overview

The proceeds of the Prior Bonds were used for the construction of a four-story parking structure (the “Parking Garage”) in Heavenly Village, a mixed-use development at the base of Heavenly Mountain Resort ski area in the eastern end of the City. The Parking Garage, located at 1 Bellamy Court, includes 410 parking spaces all of which are designated for paid public parking except for 3 spaces currently leased for private use, as described herein. The Parking Garage is open to the public 24 hours per day, 7 days per week. See also “- Operations” below.

The Parking Garage was developed pursuant to the Park Avenue DDA and a Parking Management Agreement among the Original Agency, City and the developers in Heavenly Village. The Parking Management Agreement deals with the supply of parking spaces for Heavenly Village and specifically provides for the management and operation of the Parking Garage and surrounding parking resources. The Parking Garage was completed in 2002 and opened in 2003 and is owned by the Authority.

Heavenly Village

General. Heavenly Village was developed pursuant to a Master Disposition and Development Agreement dated October 28, 1999, among the Original Agency, the City, and the various developers. Construction of the property commenced in 1999 and the mixed-use project opened in November 2002. Today, Heavenly Village is a pedestrian friendly destination that includes a gondola base station, over 117,000 square feet of retail and commercial space, the Marriott Grand Residence - a 199 condominium unit timeshare ownership resort, a cinema complex, the Marriott Timber Lodge - a 264-unit timeshare ownership resort, an ice rink and miniature golf course, and related public facilities, which are more fully described below. A variety of restaurants, retail shops and spas serve visitors to Heavenly Village, including Base Camp Pizza, Fire and Ice, Coldstone Creamery and Patagonia at Heavenly. As of September 15, 2013, 98% of the retail and commercial space was occupied, and only two units were available for retail or commercial lease. Heavenly Village is the site of various community events, including a concert series in the summer and "Heavenly Holidays" in the winter.

To the northeast, just over the California-Nevada state line from Heavenly Village are several large casinos. Across the street to the southwest of Heavenly Village is the Raley's Crescent V Shopping Center, which is home to a Raley's supermarket as well as several restaurants, salons and specialty stores. Also nearby is Van Sickle Park, which is a gateway to summer hiking trails in the Stateline area and a snow play area in the winter that opened in 2011. The City estimates that over 1,500,000 people will visit Heavenly Village in 2013.

Gondola Base Station. The Gondola Base Station is a portion of a gondola system that provides transport of skiers and sightseers 2,873 vertical feet up to a terminal station on the slopes of the Heavenly Mountain Resort ski area. Heavenly Mountain Resort ski area, owned by a subsidiary of Vail Resorts, Inc., ranks as one of the largest ski resorts in the Pacific West Region and includes two peaks with maximum elevation of approximately 10,060 feet. Of visitors accessing the Heavenly ski area, approximately 48% use the Gondola to ascend the mountain. A ride in the Gondola affords views of the City, Lake Tahoe and the surrounding mountains, and riders can stop at "The Observation Deck" located at 9,123 feet to take in the views. The Gondola Base Station is located in the center of Heavenly Village, between the Marriott Grand Residence and Timber Lodge, in close proximity to the Parking Garage.

The Gondola commenced operations of gondola lift services in December 2001. The Gondola Base Station is a one-story structure of approximately 5,500 square feet including approximately 645 square feet of accessory retail shop space, a ticket sales area and the gondola landing and departure area. The Gondola is open year-round, when weather permits, and over 600,000 people ride the Gondola annually.

Marriott Grand Residence. The Marriott Grand Residence consists of 199 residential condominium units marketed and sold as fractional timeshare units ("Ownership Units"), substantial retail and commercial space, together with ancillary uses including lobby area, owners' desk, reception area, owners' lounge, deck, library, ski lockers, fitness center, locker rooms, swimming pool and subterranean parking garage. The condominium units include studio, one, two and three bedroom units and penthouse units. All condominium units have full kitchens. Most of the two and three bedroom units have a "lock off" capability that allows them to be broken into a suite with kitchen and separate bedroom units like those commonly found in hotels, thus facilitating rental operations of the condominium units when not occupied by timeshare owners. The Marriott Grand Residence opened in 2002, and as of October 31, 2013, all of the Ownership Units had been sold in varying timeshare ownership intervals of 13 weeks, 5 weeks

or 3 weeks per year. See also “THE COMMUNITY FACILITIES DISTRICT – Special Tax Revenue Capacity.”

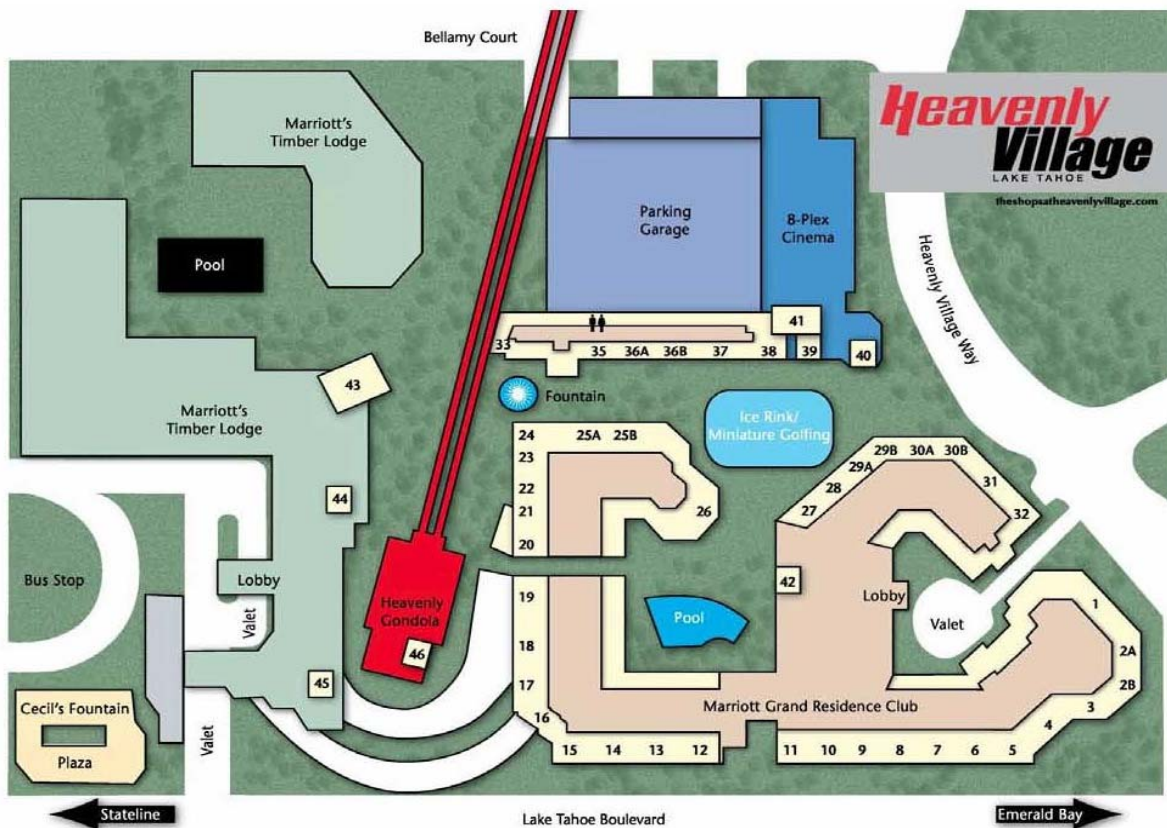
Timber Lodge. Timber Lodge is a Marriott property consisting of 264 residential condominium units being marketed and sold as Ownership Units and some retail and commercial space. The condominium units include studio, one, two and three bedroom units. Timber Lodge was built in four phases, with the final phase was completed in November 2011. As of October 31, 2013, all of the Ownership Units in Timber Lodge had been sold in varying timeshare ownership intervals of 52 weeks, 51 weeks or 1 week per year or 1 week every other year. See also “THE COMMUNITY FACILITIES DISTRICT – Special Tax Revenue Capacity.”

Cinema Annex. The Cinema Annex includes an eight-screen cinema operated by Heavenly Village Cinema, LLC, and some related retail and commercial space. The Cinema Annex opened as “Heavenly Village Cinema” in January 2005.

Cecil's Market. Cecil's Market opened in 1951 and operated until 2000 when it closed temporarily for renovation. Cecil's Market re-opened in 2003 in a stand-alone building also occupied by restaurants and retail stores, including Stateline Brewery and Restaurant.

Transit Center. The Stateline Transit Center was opened in 2006 and serves as a mass transportation hub. The Transit Center also houses the “Explore Tahoe” visitor and interpretive center.

Map of Heavenly Village



Parking Availability

Parking Overview. Under the Parking Management Agreement, most of the parking supply for Heavenly Village, which consists of approximately 1,529 spaces, is generally restricted for specified uses, as described below. The Parking Garage was constructed to provide the primary parking for daily visitors to Heavenly Village, drawn by the Gondola, the various restaurants and shops, the movie cinema, ice rink and other amenities. Other parking options in the area, described below, may compete with the Parking Garage to varying degrees.

Hotel Parking. The 380 spaces at Marriott Timber Lodge Resort and the 265 spaces at Marriott Grand Residence Club are available for use by members and guests only at a rate of \$26 a day. There is no access to those garages for other visitors to Heavenly Village. The Lake Tahoe Resort Hotel (previously Embassy Suites) located adjacent to Heavenly Village also offers parking for hotel guests only.

Raley's Crescent V Shopping Center Parking. The Raley's Crescent V Shopping Center, located across Park Avenue from Heavenly Village, offers two hours of free parking for customers of the shopping center in 474 surface spaces in front of the shopping center. An additional 390 surface spaces behind Raley's Crescent V Shopping Center and adjacent to Montreal Avenue, are available for use by Marriott, Heavenly ski area, and Heavenly Village employees by a displayed permit only.

The parking lot in front of the Raley's Crescent V Shopping Center is marked with signs alerting visitors that parking is for customers of Raley's Crescent V Shopping Center only and is limited to two hours. Prior to 2012, the City contracted with a private parking enforcement agency to enforce parking limits in the Raley's Crescent V Shopping Center lot and ticketed visitors exceeding the two-hour limit. However, the costs of enforcement exceeded the collected enforcement revenues, which led to the City deciding to discontinue paying for the enforcement of the parking restrictions. Today, pursuant to a Side Letter to the Parking Management Agreement, enforcement of the two-hour limit is at the discretion of the owner of the Raley's Crescent V Shopping Center.

Casino Parking. There are four casinos (Harrah's, Harvey's, Mount Bleu and the Horizon) located just across the California-Nevada state line from Heavenly Village. These casinos provide ample free parking a short walk from Heavenly Village. This parking offers a free alternative to the Parking Garage for visitors willing to walk the extra distance.

Adjacent Street Parking. Approximately 20 spaces of paid street parking are available on the streets bounding Heavenly Village. In 2011, two parking kiosks were installed to serve these spaces, with one kiosk along Bellamy Court and the other on Transit Way. The rates for these spaces are \$2/hour for a maximum of 2 hours.

Other Street Parking. Beyond the adjacent paid street parking spaces noted above, street parking in the immediate vicinity of Heavenly Village is prohibited. Free street parking is available in other parts of the City. Recently, the City has begun to implement additional paid parking kiosks in certain areas and a residential parking permit program in neighborhoods near popular beach locations. While out-of-town visitors to the City seem accustomed to paid parking, local area residents have been resistant to paid parking. Over the past few years, the City has worked to increase awareness of parking restrictions and to acclimate residents to paying for parking.

Public Transportation. The Transit Center acts as a regular stop for scheduled bus service year round and daily service by Amtrak buses. Seasonally in the winter, ski buses drop off and pick up passengers using the gondola lift service. These services provide an alternative to driving to Heavenly Village and consequently may reduce demand for parking at the Parking Garage.

Management

As discussed under “- Parking Availability” above, the Parking Management Agreement provides for the management and operation of the Parking Garage and surrounding parking resources. Under the Parking Facility Agreement, the Original Agency assigned responsibility for management and operation of the Parking Garage to the Authority. Initially, the Authority hired Standard Parking to manage the Parking Garage, with support provided by City staff (including parking management and the Police Department). In 2013, the City decided to transfer management of the Parking Garage in-house, to its Police Department / Enforcement Division, in an effort to reduce parking garage operating costs. Beginning in September 2013, a Parking Enforcement Supervisor and Parking Enforcement Officers within the Police Department/Enforcement Division will oversee Parking Garage operations, as well as provide support for other aspects of the City’s parking program. The current Parking Enforcement Supervisor previously worked for Standard Parking as the Parking Manager for the Parking Garage. The City expects a smooth transition to in-house management and overall savings to maintenance and operations costs in the future.

Operating History

The Parking Garage has been in operation for ten years, and the Authority has worked actively over that time to increase revenues and decrease operating expenses. The Parking Garage opened in July 2003, approximately five months later than scheduled. Initially, for the 410 spaces in the Parking Garage, 90 spaces were leased under six-month, renewable leases, and the remaining spaces were available for hourly public parking. The Parking Garage’s initial fee plan, set forth in the Parking Management Agreement, included an hourly rate of \$3.00 an hour, a flat rate of \$20.00 after five hours, and a maximum fee of \$6.00 after 4:00 PM. The first three hours of parking associated with the cinema were free with validation. Under the terms of the Parking Management Agreement, the Authority may change the rate structure in its sole discretion, with notice given to the other parties.

In the first few years, Parking Garage revenues were far below original projections. In 2006, at the Authority’s request, Standard Parking prepared a Parking Garage Fee Structure Analysis and Operations Analysis (the “Parking Analysis”). At the December 12, 2006, City Council Meeting, the Authority considered recommendations on findings of the Parking Analysis and increased the cinema validation in the Parking Garage to four hours for a six month experimental period, in order to provide a “locals’ benefit.” On June 19, 2007, the Authority extended this validation policy for an additional six months ending January 31, 2008.

In Fiscal Year 2008-09, the Parking Garage revenues again dropped as a result of a significant drop in tourism caused by widespread economic recession. At the Authority’s request, Standard Parking prepared a second Parking Analysis for the Parking Garage. At the December 8, 2009, City Council meeting, the Authority adopted Resolution No. 2009-01 amending and increasing rates for the Parking Garage, in accordance with recommendations made by Standard Parking. The Authority adopted a rate of \$1.25 per 20 minutes, with a \$25 daily maximum, and retained the four-hour cinema validation policy. Standard Parking recommended that the rates remain unchanged for at least two years to provide consistency.

The 2009 rates are currently in effect, see “- Current Pricing and Usage” below. The Authority may make changes to the validation policy or hourly rates in the future, in accordance with the terms of the Parking Management Agreement.

In addition to updating the rate structure, the Authority has successfully decreased operation costs with respect to the Parking Garage. Standard Parking was the initial manager for the Parking Garage. In 2008-09, the Authority went through a lengthy request-for-proposal process for management of the Parking Garage. Standard Parking was chosen to continue as manager under a three-year contract, but with management fees reduced by \$25,000-35,000 annually. At the expiration of Standard Parking’s management contract, the Authority decided to manage the Parking Garage in-house, as described under “- Management” above. The Authority believes that City management of the Parking Garage will significantly decrease operating costs.

Initial operation of the Parking Garage consisted of cashiered exit lanes with on-site staff including a Facility Manager, and 6-8 cashiers. In August 2009, automated “Pay on Foot” equipment was installed and staffing was reduced to a Facility Manager and 1.5 full time attendants. This system allows customers to process their own tickets at a Pay Station, and requires a paid ticket to exit the Parking Garage. The Authority estimates that this has saved more than \$30,000 in operating expenses per year. The Authority has also undertaken smaller projects, such as a lighting retro-fit undertaken in 2008 that has saved the Parking Garage approximately \$1,000 a month in utility costs.

Recent improvements to the Parking Garage include an additional surveillance camera to cover the pay station area and additional lighting. A total of 73 signs were installed in and around the Parking Garage relating to the Pay on Foot system. A large “Parking” sign was installed on the outside of the building on Heavenly Village Way to direct patrons to the Parking Garage entrance.

Current Pricing and Usage

Of the 410 parking spaces in the Parking Garage, all spaces are designated for paid public parking with the exception of three, which are currently leased for private use. The Parking Garage is used primarily for transient parking. A variety of hourly, daily, monthly, seasonal or annual payment options are offered, but hourly parking fees constitute the Parking Garage’s primary operating revenues. Transient usage of the Parking Garage varies depending on the season. Parking usage increases when general tourism in Heavenly Village increases, with higher usage in the winter and summer. Usage generally peaks twice each year, in July and December. In each of the last four fiscal years, more than 100,000 cars have parked in the Parking Garage during the year.

Hourly Parking. Hourly parking is paid through use of a pay on foot automation system, and current hourly pricing for the Parking Garage became effective on December 8, 2009, as follows:

Hourly Pricing:

\$1.25 per 20 minutes, \$25 daily maximum.

Revenues from hourly parking have typically represented approximately 95% of total revenues. Revenues from hourly parking were \$680,902 in Fiscal Year 2011-12 and are estimated to be \$755,000 in Fiscal Year 2012-13.

Parking Passes. The Parking Garage offers a variety of parking passes as described below. Revenues from sales of parking passes typically account for under 5% of Parking Garage total revenues. All parking passes are prepaid. In 2011, the Authority instituted sales of seasonal parking passes as well as monthly passes.

Parking Pass Pricing:

Winter Special Value (November-April) \$200 blacked out on holiday weekends (limited to 100 passes per year)

Winter Special Unlimited \$300 no black-out dates

Annual Parking Pass \$500

Monthly Mid-Week \$75 per month in November-April

Monthly Week \$175 per month in November-April

Monthly \$50 per month in May-October

Validation Program. Validated parking accounts for over 30% of total traffic in the Parking Garage, but validation revenues accounted for less than 2% of Parking Garage total revenues in Fiscal Years 2011-12 and 2012-13. The validation program was initiated under the terms of the Parking Management Agreement, and the Authority has the sole discretion to change the validation structure. Under the current validation program, all Heavenly Village merchants have the option to purchase validation coupons for the Parking Garage at a discounted rate of 50 one-hour coupons for \$75 for use by their customers. Several retailers take advantage of the validation program. Customers using the validations receive an hour of parking free for each validation and pay the regular hourly rate thereafter. It is possible for customers to use more than one hourly validation in a single use of the Parking Garage. The cinema provides a four hour validation to their patrons, which can be accessed on-line, and at the end of the month the cinema is billed for all validations provided at a rate \$0.35 each.

Leases and other Revenues. A portion of the Parking Garage revenues are derived from leases and other agreements. Two Heavenly Village businesses currently lease space for signage in the Parking Garage. One business leases three parking spaces and has built a storage locker. On occasion, the roof of the Parking Garage is leased for private events. In 2012-13, these revenues equaled less than 1% of the Parking Garage's total operating revenues.

Expenses. Operation and maintenance expenses for the Parking Garage include ongoing expenses such as utilities, custodial services, landscape maintenance, administration and management, repairs and other related items. Maintenance performed on the garage includes elevator maintenance through a contract with Otis Elevator, striping of the parking spaces annually, upkeep on the snowmelt system, and a new video surveillance system. See also, "- Operating History" above for a discussion of cost saving measures taken by the Authority.

Parking Garage operating expenses are budgeted to be approximately \$208,000 for Fiscal Year 2013-14, down from a high of approximately \$420,000 in Fiscal Year 2007-08. See also "HISTORICAL AND PROJECTED REVENUES AND COVERAGE."

Insurance

Under the Indenture, the Authority is required to maintain, or cause to be maintained, insurance on the Parking Garage, as described in APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - Indenture. Currently, the City maintains (1) fire and extended coverage insurance, including earthquake and flood insurance, with a loss limit of \$9,776,642 per occurrence, (2) boiler and machinery insurance with a loss limit of \$100,000,000 and (3) public liability insurance with loss limits of \$35,000,000. In addition, the City maintains business interruption insurance on the Parking Garage that will cover loss of Parking Garage revenues up to \$1,000,000 for any period that the Parking Garage is closed because of property damage.

Subordinate Obligation

On December 9, 2003, a Reimbursement Agreement was entered into between the Original Agency and the Authority. Under the Reimbursement Agreement, the Original Agency loaned the Authority \$585,000 to pay for certain equipment and signage relating to the Parking Garage. This obligation of \$585,000 is subordinate to payments required to be made under the Indenture, including debt service on the Bonds and the operations and maintenance of the Parking Garage. The obligation bears interest at 5% per annum and has no maturity date. The Authority has not made any payments under the Reimbursement Agreement, and the status of the Reimbursement Agreement under the terms of the Dissolution Act is not clear. See also "THE REDEVELOPMENT AGENCY" above.

THE COMMUNITY FACILITIES DISTRICT

District Formation and Background

The District was formed pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (constituting Section 53300 et seq. of the California Government Code) (the "Act"). The Act was enacted by the California Legislature to provide a method of financing certain public capital facilities and services. Once duly established, a community facilities district is a legally constituted governmental entity within defined boundaries, with the governing board or legislative body of the local agency acting on its behalf. Subject to approval by a two-thirds vote of the qualified electors voting, and compliance with the applicable provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such a district to repay such indebtedness, to pay directly for authorized facilities or services and to pay administrative expenses incident to the activities of the District.

The District was initially formed pursuant to Resolution Nos. 2001-5 and 2001-6 adopted by the Governing Board of the Original Agency (the "Governing Board") on April 3, 2001. On June 18, 2002 the qualified electorate of Zone A (as defined below) of the District voted in favor of a revised Rate and Method of Apportionment of Special Taxes for the District (the "Special Tax Formula") and the Governing Board, by adoption of its Resolution 2002-6, approved the Special Tax Formula and directed that an Amended Notice of Special Tax Lien be recorded. Following approval of the revised Special Tax Formula, the qualified electorate of Zone B (as defined below) of the District voted in favor of annexing Zone B into the District and the Governing Board approved the annexation by adoption, also on June 18, 2002, of its Resolution No. 2002-9. Ordinance No. 918, an Ordinance Levying Special Taxes on property within the District, was adopted and became effective on June 18, 2002. An Amended Notice of Special

Tax Lien on property within the District was recorded in the Official Records of El Dorado County. The District is generally located in the southeast corner of U.S. Highway 50 and Heavenly Village Way in the City. The boundaries of the District and Heavenly Village overlap, see the map of Heavenly Village under “THE PARKING GARAGE – Heavenly Village.”

2007 CFD Bonds

On December 19, 2001, the Original Agency's Community Facilities District No. 2001-1 (Park Avenue Project) 2001 Special Tax Bonds (the “2001 CFD Bonds”) were issued. By Resolution No. 2007-1 adopted on January 16, 2007, the Governing Board authorized issuance of the 2007 CFD Bonds in order to refund the outstanding 2001 CFD Bonds. The 2007 CFD Bonds were issued pursuant to a Bond Indenture, dated as of February 1, 2007 (the “CFD Indenture”), between the District and The Bank of New York Trust Company, N.A., as trustee, and are secured by and payable from the Special Taxes levied pursuant to the Rate and Method. **For so long as the 2007 CFD Bonds are outstanding, the obligation of the Successor Agency to transfer Special Tax revenues to the Authority is subordinate to the requirements to deposit Special Taxes into the Interest Account, Principal Account, Redemption Account, Reserve Account and Rebate Fund the CFD Indenture.** The 2007 CFD Bonds are outstanding in the principal amount of \$6,395,000, and the final maturity for the 2007 CFD Bonds is October 1, 2031. See also “SECURITY FOR THE BONDS – Surplus Special Tax Revenues.”

Rate and Method of Apportionment

General. The Special Tax will be levied on and collected from each parcel in the District subject to the Special Tax as set forth in the Rate and Method, the complete text of which is contained in APPENDIX F – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX. All capitalized terms used in this section will have the meaning set forth in Appendix F.

Taxable Property. The property in the District currently contains approximately 10.39 net acres that are developed and classified as Taxable Property under the Rate and Method. The Taxable Property consists of two tax zones, referred to as Zone A and Zone B. Taxable Property in Zone A consists of the Gondola Base Station, the Marriott Grand Residence residential units and 37 commercial suites, and the Cinema Annex cinema and retail space. Taxable Property in Zone B consists of the Marriott Timber Lodge residential units, Cecil's Market and retail spaces. Perimeter landscaping, an ice rink, open space, the Parking Garage, and an intermodal transportation facility are exempt from Special Taxes of the District. See “THE PARKING GARAGE – Heavenly Village” above for more information.

Property adjacent to the District identified in the District Boundary Map as Zone C was originally designated for possible future annexation into the District. However, Zone C was not annexed into the District and the City has no expectation that it will be annexed into the District in the future.

Categories of Special Taxes. Taxable Property within the District is subject to (i) a Non Contingent Special Tax; (ii) a Revenue Neutrality Special Tax; (iii) a possible Contingent Special Tax if property tax increment received by the Agency and transient occupancy taxes received by the City, from development within the District do not reach certain levels; and (iv) a Backup Special Tax that would be levied if there is any change in expected land use of a parcel within the District. The Contingent Special Tax and the Backup Special Tax have not been levied in the District, and it is not expected that the Contingent Special Tax or Backup Special Tax will be levied in the future. The Non Contingent Special Tax and Revenue Neutrality Special Tax are

levied at the Maximum Special Tax Rates set forth in Table 1 below under the caption “- Special Tax Revenue Capacity.”

See APPENDIX F - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.

Special Tax Revenue Capacity

The table below provides the following information: (i) summarizes the Taxable Property in the District by land use classification for the 2013-14 Fiscal Year, and (ii) provides the Fiscal Year 2013-14 Non Contingent and Revenue Neutrality Special Tax combined rate for Taxable Property, which constitutes the Maximum Annual Special Tax Levy for Fiscal Year 2013-14. The Successor Agency has covenanted in the Parking Facility Agreement to levy at the Maximum Special Tax rates while the Bonds are outstanding. **The obligation of the Successor Agency to transfer Special Tax revenues to the Authority is subordinate to the requirements to deposit Special Taxes into the Interest Account, Principal Account, Redemption Account, Reserve Account and Rebate Fund for the 2007 CFD Bonds (each as defined in the CFD Indenture).** See “- 2007 CFD Bonds” above and "RISK FACTORS – Risk Factors Relating to Surplus Special Taxes.”

TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 2001-1
FISCAL YEAR 2013-14 MAXIMUM SPECIAL TAXES
BY TAXABLE PROPERTY CLASS
As of June 30, 2013

Tax Class	Maximum Special Tax Rate ⁽¹⁾	Building Square Footage	Number of Ownership Units	Number of Parcels ⁽²⁾	Maximum Special Taxes ⁽³⁾
Levied on Property Tax Roll					
Zone A Ownership Intervals	\$21.69	n/a	9,768	834	\$211,876
Zone B Ownership Intervals	32.22	n/a	12,247	10,268	394,607
Commercial	0.83	135,333	n/a	12	112,326
Gondola	148,440.00	n/a	n/a	1	148,440
Subtotal		135,333	22,015	11,115	\$867,250
Levied on Hand Bill ⁽⁴⁾					
Zone A Ownership Intervals	\$21.69	n/a	580	1	\$12,581
Zone B Ownership Intervals	32.22	n/a	1,429	1	46,043
Subtotal		--	2,009	2	58,624
Total		135,333	24,424	11,117	\$925,874

(1) Maximum Special Tax Rate is the total of the Revenue Neutrality & Non-Contingent Tax rates only. For the ownership intervals, each parcel represents a varying fractional interest in a condominium unit as described below.

(2) Marriott Grand Residence consists of 199 condominiums with 52 weekly intervals per year for a total of 10,348 Ownership Units. Marriott Timber Lodge consists of 264 condominiums with an average of 51.8 weekly intervals (net of maintenance) for a total of 13,676 total Ownership Units.

(3) Due to rounding, there may be variations in the maximum tax levy amount given the applied Maximum Special Tax Rate.

(4) Represents unsold Ownership Intervals as of June 30, 2013. Marriott reports that as of October 31, 2013, all Ownership Intervals had been sold.

Source: Willdan Financial Services.

Following is a breakdown of the Ownership Units in Zone A and Zone B as of June 30, 2013:

	<u>Ownership Units</u>	<u>Weekly Units</u>	<u>Parcels</u>
Marriott Grand Residence			
Sold as 13 week intervals	9,204	13	708
Sold as 3 week intervals	99	3	33
Sold as 5 week intervals	465	5	93
Unsold intervals ⁽¹⁾	<u>580</u>		<u>1</u>
Zone A Total	10,348		835
Marriott Timber Lodge			
Sold as 52 week intervals	1,300	52	28
Sold as 51 week intervals	1,173	51	23
Sold as 1 week intervals	9,331	1	9,331
Sold as 1 week every other year intervals	443	0.5	886
Unsold Intervals ⁽¹⁾	<u>1,429</u>		<u>1</u>
Zone B Total	13,676		10,269

(1) As of October 31, 2013, all of these Ownership Units had been sold.

The Special Taxes for each Ownership Unit are levied separately, and Special Taxes for each unsold Ownership Unit are hand-billed to Marriott. See “- Collection and Application of Special Taxes” below.

The table below lists all the taxpayers in the District responsible for 1.0% or more of the total Special Tax levy, based on the Fiscal Year 2013-14 Special Tax levy.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 2001-1
FISCAL YEAR 2013-14
TOP SPECIAL TAX PAYERS
As of June 30, 2013

Owner	Number of Parcels Taxed	2013-14 Special Tax Levy	% of Total Levy	Assessed Total
Marriot Related Entities				
First American Trust -Timber Lodge ⁽¹⁾	2,294	\$151,435	16.4%	\$43,320,034
First American Trust - Grand Residence ⁽¹⁾	120	27,851	3.0	4,983,155
Unsold Ownership Units -Timber Lodge ⁽²⁾	1	46,043	5.0	8,070,937
Unsold Ownership Units -Grand Residence ⁽²⁾	1	12,581	1.4	5,380,625
Marriott Ownership Resorts	94	2,771	0.3	969,566
Marriott Ownership Resorts – Commercial	1	8,991	1.0	4,535,924
Heavenly Valley LTD Partnership (Gondola)	1	148,440	16.0	16,313,409
TSI Investments A Nevada	8	75,352	8.1	25,698,635
Cecils	1	19,954	2.2	7,128,551
Heavenly Resort Properties	23	9,732	1.1	3,558,065
Top Seven Property Owner Subtotal	2,544	503,152	54.3%	119,958,901
All Other Property Owner Subtotal	8,573	422,722	45.7%	134,297,880
Total All Property Owners	11,117	925,874	100.0%	\$254,256,781

(1) In 2010, Marriott restructured the timeshare ownership program to a points system. Under this structure, all newly sold timeshare units are held by First American.

(2) Marriott is handbilled for unsold Ownership Units and utilizes them for transient lodging. Total combined assessed value of \$13,451,562.00 for the unsold Ownership Units in Timber Lodge and Grand Residence were provided by the El Dorado Count Assessor. As of October 31, 2013, Marriott reports that all Ownership Units have been sold.

Source: Willdan Financial Services.

Marriott and its related entities are responsible for approximately 27% of the Special Taxes levied in the District in Fiscal Year 2013-14. In 2012, Marriott restructured its timeshare program, moving from ownership shares in specific units to a points system. Today, new purchasers of interval ownership receive points that can be used at various Marriott resorts, and ownership of the interval units in Marriott's Heavenly Village properties not previously sold directly to individuals is held by First American Trust. First American Trust is owned by First American Title Insurance Company, the largest subsidiary of First American Financial Corporation. First American Title Insurance Company has received the following ratings from nationally recognized agencies: "A3" by Moody's, "BBB+" by S&P, "A" by Fitch, and "A-" by A.M. Best Company. First American Trust is billed on the property tax roll separately for each parcel.

As owner of the Gondola Base Station, Heavenly Valley, Limited Partnership ("Heavenly Valley") is responsible for 16.0% of the Special Taxes levied in the District. Heavenly Valley is a Nevada limited partnership that is owned by wholly owned subsidiaries of Vail Resorts, Inc. ("Vail"). Vail is a publicly traded company and is listed on the New York Stock Exchange (MTN). Organized in 1997, Vail acts as a holding company and operates through various subsidiaries.

No assurances can be given that these or any other Special Tax payers will pay the Special Taxes levied or other Special Taxes levied in the future.

Special Tax Levy and Delinquencies

Table 3 below summarizes the annual Special Tax levy for Fiscal Year 2008-09 through Fiscal Year 2013-14 and the Special Tax delinquencies in the District from Fiscal Year 2008-09 through Fiscal Year 2012-13, each as of the Fiscal Year end and as of June 30, 2013. See “- Collection and Application of Special Taxes” below for more information regarding the Special Taxes that are included in the property tax bill issued by the County and the Special Taxes that are hand-billed.

**TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 2001-1
SPECIAL TAX LEVY AND SPECIAL TAX DELINQUENCIES**

Fiscal Year	Secured Roll Levy	Individual Handbilled Parcels	Individual Handbilled Amount ⁽¹⁾	Handbill to Marriott ⁽²⁾	Total Special Tax Levy	As of Fiscal Year End June 30			As of June 30, 2013		
						Number of Delinquent Parcels	Amount Delinquent ⁽³⁾	% of Levy Delinquent	Number of Delinquent Parcels ⁽⁴⁾	Amount Delinquent	% of Levy Delinquent
2008-09	\$675,449	5	\$145	\$194,677	\$870,126	1,035	\$26,732	3.07%	49	\$1,744	0.2%
2009-10	\$695,410	219	6,360	200,605	902,375	1,431	27,420	3.04%	317	10,134	1.1%
2010-11	\$722,413	2	48	172,733	895,194	1,064	27,358	3.06%	196	8,403	0.9%
2011-12	\$779,184	12	387	118,829	898,400	812	25,112	2.80%	297	12,729	1.4%
2012-13	779,668	1,842	88,991	56,325	924,983	1,101	23,422	2.53%	1,101	23,422	2.5%
2013-14	860,190	10	7,060	58,624	925,874	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$4,512,314		\$102,991	\$801,793	\$5,417,097					\$56,431	1.3%

(1) In Fiscal Year 2012-13, \$88,991 represents sold Ownership Units that were not identified prior to the cut-off date for the Fiscal Year 2012-13 tax levy. In Fiscal Year 2013-14, \$7,060 represents sold Ownership Units that were not identified prior to the cut-off date for the Fiscal Year 2013-14 levy. Ownership of these Ownership Units is First American Trust FSB & Land Trust, and a supplemental handbill invoice will be prepared and sent to First American. There are not expected to be any handbilled Special Taxes in Fiscal Year 2014-15 or thereafter.

(2) Reflects unsold Ownership Units held by Marriott as of the June 30th secured roll levy cutoff for each Fiscal Year. A Fiscal Year 2012-13 supplemental handbill for \$4,418.12 has been transmitted to Marriott as they previously reported sales that occurred beyond the Fiscal Year 2012-13 levy cutoff date.

(3) 2012-13 amount delinquent is \$23,422; unpaid individual handbill charges of \$88,991 and supplemental Marriott handbill of \$4,418.12 remain unpaid but not delinquent.

(4) No foreclosure actions have been taken or required for the District. There are no parcels with a delinquency in excess of \$1,000 in any one year.

Source: Willdan Financial Services.

In the Parking Facility Agreement, the Successor Agency has covenanted in certain instances to pursue foreclosure proceedings in accordance with the provisions of the Act and applicable law until the delinquent Special Taxes are paid. As of September 20, 2013, no parcels in the District had a delinquency exceeding \$1,000 in any one year, and neither the City nor the Successor Agency was required to initiate any foreclosures in the District. See also “No Teeter Plan – Proceeds of Foreclosure Sales” below.

Assessed Valuation

Table 4 shows the assessed valuation of Taxable Property in the District for the 2002-03 through 2013-14 fiscal years.

**TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 2001-1
HISTORICAL SECURED ASSESSED VALUES**

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>% Change</u>
2002-03 ⁽¹⁾	\$ 66,300,000	--
2003-04	162,465,413	145.05%
2004-05	170,685,530	5.06
2005-06	275,867,819	61.62
2006-07	299,848,103	8.69
2007-08	328,259,651	9.48
2008-09	339,734,139	3.50
2009-10	351,274,438	3.40
2010-11 ⁽²⁾	340,840,382	-2.97
2011-12 ⁽²⁾	269,864,478	-20.82
2012-13 ⁽²⁾	217,483,484	-19.41
2013-14 ⁽²⁾⁽³⁾	240,805,219	10.72

(1) First year Special Taxes were levied; assessed value total only includes parcels subject to the Special Tax levy in that Fiscal Year 2002-03 only.

(2) Proposition 8 temporary reductions applied in each of these fiscal years.

(3) Calculations for Fiscal Year 2013-14 Assessed Value (As of June 30, 2013)

Fiscal Year 2013-14 Assessed Value	\$240,805,219.00
Marriott Unsold Assessed Value*	<u>13,451,562.00</u>
Fiscal Year 2013-14 Assessed Value Total	\$254,256,781.00

*As of October 31, 2013, all of these Ownership Units had been sold.

Source: Willdan Financial Services.

No Teeter Plan

The County has not elected to include special taxes levied within community facilities districts within its Teeter Plan method of apportionment and distribution of taxes collected by the County for local government agencies. Pursuant to the Teeter Plan the County apportions to the local agencies 100% of the amount of the taxes that are levied regardless of the amount collected from property owners, and the County retains all penalties and interest which are collected with delinquent taxes. Given that the Special Taxes levied on Taxable Property within the District are not participating in the Teeter Plan, the District will receive only the actual collections of the Special Taxes that are levied in each fiscal year.

Collection and Application of Special Taxes

Levy and Collection. The Special Taxes on all Taxable Property other than the unsold Ownership Units are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as ad valorem property taxes. However, the Special Taxes may be collected at a different time or in a different manner if necessary to meet the Successor Agency's financial obligations with respect to the District. The Special Taxes on the unsold Ownership Units were historically billed directly to Marriott. As of June 30, 2013, there were 2,009 unsold Ownership Units, and the Fiscal Year 2013-14 Special Taxes for such Ownership Units will be billed directly to Marriott. There are currently no unsold Ownership Units, and it is expected that all Special Taxes in the District will be levied by the Treasurer-Tax Collector of the County in Fiscal Year 2014-15 and thereafter.

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. Moreover, other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future in certain situations without the consent or knowledge of the District or the landowners therein. There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so. See "RISK FACTORS – Risks Relating to the Surplus Special Taxes."

Application. All Special Taxes received by the District are to be deposited in the Special Tax Fund and transferred to certain accounts held under the CFD Indenture.. Special Taxes received in excess of the amounts required for purposes of the CFD Indenture are transferred to the Authority and are deposited in the Revenue Fund under the Indenture. **The obligation of the Successor Agency to transfer Surplus Special Tax Revenues to the Authority is subordinate to the obligations of the District to deposit Special Taxes into the Interest Account, Principal Account, Redemption Account, Reserve Account and Rebate Fund for the 2007 CFD Bonds (each as defined in the CFD Indenture).** See "RISK FACTORS – Risk Factors Relating to Surplus Special Taxes."

Proceeds of Foreclosure Sales. The net proceeds received following a judicial foreclosure sale of land within the District resulting from a landowner's failure to pay the Special Taxes when due are included within the Special Tax revenues pledged to the payment of principal of and interest on the 2007 CFD Bonds under the CFD Indenture and are included in the Surplus Special Tax Revenues. The Successor Agency has covenanted in the Parking Facility Agreement that it (i) will commence judicial foreclosure proceedings against all parcels owned by a property owner where the aggregate delinquent Special Taxes on such parcels is greater than \$1,000 by the December 1 following the close of each Fiscal Year in which such Special Taxes were due and (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 90% of the total Special Taxes levied for such Fiscal Year, and (iii) will diligently pursue such foreclosure proceedings in accordance with the provisions of the Act and applicable law until the delinquent Special Taxes are paid.

If foreclosure is necessary and other funds have been exhausted, receipt of Special Tax revenues could be delayed until the foreclosure proceedings have ended. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. As with other proceeds of the Special Taxes, foreclosure proceeds are pledged to payment of debt service on the Bonds on a subordinate

basis to the 2007 CFD Bonds. There can be no assurance that foreclosure will generate sufficient funds to pay amounts due on the 2007 CFD Bonds plus Surplus Special Tax Revenues for transfer to the Authority. See "RISK FACTORS – Risks Relating to the Surplus Special Taxes."

Direct and Overlapping Debt

Within the District's boundaries are numerous overlapping local agencies providing public services. Some of these local agencies have outstanding bonds, which are secured by taxes and assessments on the parcels within the District and others have authorized but unissued bonds which, if issued, will be secured by taxes and assessments levied on parcels within the District. The approximate amount of the outstanding direct and overlapping debt secured by taxes and assessment on the parcels within the District as of November 1, 2013 is shown below (the "Debt Report"), prepared by California Municipal Statistics Inc. The District does not guarantee the accuracy of this information.

**TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 2001-1
DIRECT AND OVERLAPPING DEBT OF THE DISTRICT
As of November 1, 2013**

2013-14 Local Secured Assessed Valuation: \$250,086,916

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/13</u>
Lake Tahoe Unified School District General Obligation Bonds	4.283%	\$3,384,369
South Lake Tahoe Recreation Facilities CFD No. 2000-1	4.348	182,434
City of South Lake Tahoe CFD No. 2001-1	100.000	<u>6,395,000</u> (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$9,961,803
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Lake Tahoe Community College District General Fund Obligations	4.283%	\$ 59,748
City of South Lake Tahoe General Fund Obligations	6.557	<u>1,438,278</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$1,498,026
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>		
South Lake Tahoe Redevelopment Agency Project Area No. 1	42.927%	\$34,197,795
 COMBINED TOTAL DIRECT AND OVERLAPPING DEBT		 \$45,657,624 (2)

(1) Principal amount outstanding of the 2007 CFD Bonds; excludes obligations under the Parking Facility Agreement.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to Local Secured 2013-14 Assessed Valuation:

Direct Debt (\$6,395,000)	2.56%
Total Direct and Overlapping Tax and Assessment Debt...	3.98%
Combined Total Debt	18.26%

Source: California Municipal Statistics. Inc.

Estimated Value to Special Tax Burden

Table 6 below sets forth the estimated burden of the Maximum Special Tax Levy as a percentage of Fiscal Year 2013-14 assessed value for parcels within the District subject to Special Taxes. The value of each individual parcel is significant because in the event of a delinquency in the payment of Special Taxes levied on a parcel, the District may foreclose only against such delinquent parcel. The secured assessed value of real property in the District for Fiscal Year 2013-14 is \$254,256,781.

**TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 2001-1
ESTIMATED VALUE TO SPECIAL TAX BURDEN
(Assessed Value)**

Tax Class	Number of Parcels	Building Square Footage	Fiscal Year 2013-14 Special Tax Levy	% of Special Tax Levy	Assessed Value	Special Tax Levy as % of Assessed Value
Zone A Ownership Units	835	N/A	\$224,457	24.2%	\$34,764,215	0.6%
Zone B Ownership Units	10,269	N/A	440,651	47.6	160,980,536	0.3%
Commercial	12	135,333	112,326	12.1	42,198,621	0.3%
Gondola ⁽¹⁾	1	N/A	148,440	16.0	16,313,409	0.9%
Total	24,025	135,333	\$925,874	100.0%	\$254,256,781	0.4%

(1) Gondola is billed as one parcel.

Source: Willdan Financial Services.

Surplus Special Tax Revenues

With respect to the Prior Bonds, the obligation of the Successor Agency to transfer Special Tax revenues to the Authority was subordinate to certain obligations of the Successor Agency under the CFD Indenture, including payment on the 2007 CFD Bonds and payment of administrative expenses. After issuance of the Bonds, the obligation of the Successor Agency to transfer Special Tax revenues to the Authority will remain subordinate to certain obligations of the Successor Agency under the CFD Indenture, including payment on the 2007 CFD Bonds, but will not be subordinate to payment of administrative expenses. See "SECURITY FOR THE BONDS – Surplus Special Taxes." The following table shows the estimated Surplus Special Tax Revenues to be transferred to the Authority and deposited under the Indenture in each Fiscal Year beginning with Fiscal Year 2012-13.

**TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 2001-1
PROJECTED SURPLUS SPECIAL TAX REVENUES**

Year Ending ⁽¹⁾	Total Special Tax ⁽²⁾	2007 CFD Bonds ⁽³⁾	Surplus Special Tax Revenues ⁽⁴⁾
2013	\$924,983	\$544,560	\$380,423
2014	925,874	544,978	380,897
2015	925,874	544,775	381,099
2016	925,874	543,995	381,879
2017	925,874	542,520	383,354
2018	925,874	545,595	380,279
2019	925,874	542,715	383,159
2020	925,874	544,375	381,499
2021	925,874	545,040	380,834
2022	925,874	545,000	380,874
2023	925,874	543,250	382,624
2024	925,874	545,750	380,124
2025	925,874	542,250	383,624
2026	925,874	543,000	382,874
2027	925,874	542,750	383,124
2028	925,874	541,500	384,374
2029	925,874	544,250	381,624
2030	925,874	545,750	380,124
2031	925,874	546,000	379,874
2032	925,874	-	925,874
2033	925,874	-	925,874
2034	925,874	-	925,874
2035	925,874	-	925,874
2036	925,874	-	925,874
2037	925,874	-	925,874

(1) Revenues presented on a fiscal year basis ending September 30. Debt service amounts are presented on a bond year basis ending October 1.

(2) Assumes no additional changes after Fiscal Year 2013-14 and no delinquencies.

(3) Represents debt service on 2007 CFD Bonds, without regard for interest earnings on the debt service reserve fund or any prepayment.

(4) Amount expected to be available for transfer to the Authority as Surplus Special Tax Revenues.
Source: Willdan Financial Services for Fiscal Year 2012-13 and 2013-14 Special Tax levies; City of South Lake Tahoe.

HISTORICAL AND PROJECTED REVENUES AND COVERAGE

Historical Revenues and Debt Service Coverage

The following Table summarizes the debt service coverage on the Prior Bonds in Fiscal Years 2008-09 through 2012-13. As described above under "PLAN OF FINANCE," revenues of the Parking Garage have been below projections, and the rate and coverage covenants of the Prior Indenture have not been met since Fiscal Year 2003-04.

TABLE 8
SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY
HISTORICAL REVENUES, COVERAGE AND
ACCOUNT BALANCES

	Actual (1)										Est.
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Operating Revenues (3)	\$128,757	\$637,969	\$874,587	\$867,425	\$791,675	\$896,805	\$738,406	\$737,788	\$718,670	\$733,105	\$800,606
Operating Expenses (4)											
Technical/Professional Services (5)	57,376	236,876	298,018	272,659	298,108	309,844	276,480	188,673	186,463	196,297	216,384
Employee Salaries & Benefits (5)	-	-	-	-	-	-	-	-	-	-	2,280
Insurance (Other than EE)	3,870	3,520	3,377	14,882	16,728	14,703	20,159	4,130	10,749	10,610	14,796
Utilities (6)	4,228	41,922	46,152	58,385	52,550	73,145	51,368	50,088	46,469	24,009	34,528
Fiscal Agent Fees (7)	398	4,729	3,997	6,664	7,271	12,276	8,211	20,876	26,564	22,258	26,208
Other (8)	6,312	31,099	18,285	11,473	23,641	13,081	11,639	24,489	14,458	2,845	8,663
Total Operating Expenses	72,184	318,147	369,828	364,061	398,298	423,049	367,857	288,255	284,703	256,019	302,859
Net Operating Revenues	56,573	319,822	504,759	503,363	393,377	473,756	370,549	449,533	433,967	477,086	497,747
Interest Earnings	207	329	55,554	46,021	59,278	44,444	10,700	(1,435)	11,755	2,144	1,754
Surplus Special Tax Revenue (9)		190,000	190,000	120,000	240,000	330,000	330,000	330,000	330,000	330,000	271,177
Gross Revenues less Operating Expenses	\$56,780	\$510,151	\$750,313	\$669,385	\$692,655	\$848,201	\$711,249	\$778,098	\$775,722	\$809,230	\$770,678
Debt Service and Coverage											
2002 Parking Bond Debt Service (10)		431,301	434,312	759,125	791,663	797,519	792,400	784,623	788,875	791,725	788,350
Net Parking Bond Debt Coverage (12)		1.24	1.93	0.77	0.69	0.95	0.75	0.93	0.89	0.97	0.92
All-In Debt Service Coverage (13)		1.18	1.73	0.88	0.87	1.06	0.90	0.99	0.98	1.02	0.98
Net Remaining Revenues	56,780	78,850	316,001	(89,740)	(99,008)	50,682	(81,151)	(6,525)	(13,153)	17,505	(17,672)
Reserve Funds - Ending Balance											
Bond Debt Service Reserve (15)	805,275	805,281	813,054	844,663	813,037	848,967	802,500	802,500	814,876	817,933	820,396
Supplemental Reserve (16)	-	-	532,481	550,843	157,722	493,087	826,513	76,513	76,513	76,513	76,513
	805,275	805,281	1,345,535	1,395,506	970,759	1,342,054	1,629,013	879,013	891,389	894,446	896,909

See combined footnotes for Table 8 and Table 9.

Source: City of South Lake Tahoe Finance Department.

Projected Revenues and Debt Service Coverage

Under the Indenture, the Authority has covenanted, for so long as any of the Bonds are Outstanding, to establish and maintain or cause to be established and maintained such rules and regulations and such rentals, rates, fees and charges for the use of the Parking Garage as will be required to generate in each Fiscal Year Gross Revenues at least sufficient (1) to pay all Maintenance and Operation Expenses in such Fiscal Year; and (2) to provide Net Operating Revenues in such Fiscal Year equal to at least 1.50 times Net Maximum Annual Debt Service for the Bond Year commencing in such Fiscal Year. The following Table summarizes the Authority's analysis of cash flows and resulting coverage ratios and is based on certain key assumptions, some of which are presented in notes to the Table. Certain other assumptions made by the Authority in preparing its projections of cash flows and coverage are set forth in the combined footnotes to Table 8 and Table 9.

TABLE 9
SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY
PROJECTED REVENUES AND COVERAGE

	Est. Actual (2)	Budget (3)	Forecast			
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Operating Revenues (3)	\$800,606	\$715,000	\$715,000	\$715,000	\$715,000	\$715,000
Operating Expenses (4)						
Technical/Professional Services (5)	216,384	40,000	41,200	42,436	43,709	45,020
Employee Salaries & Benefits (5)	2,280	69,940	73,437	77,109	80,964	85,013
Insurance (Other than EE)	14,796	11,500	11,845	12,200	12,566	12,943
Utilities (6)	34,528	58,900	60,667	62,487	64,362	66,292
Fiscal Agent Fees (7)	26,208	23,500	24,205	24,931	25,679	26,449
Other (8)	8,663	4,500	4,635	4,774	4,917	5,065
Total Operating Expenses	302,859	208,340	215,989	223,937	232,198	240,783
Net Operating Revenues	497,747	506,660	499,011	491,063	482,802	474,217
Interest Earnings	1,754	2,000	2,000	2,000	2,000	2,000
Surplus Special Tax Revenue (9)	271,177	380,000	380,000	380,000	380,000	380,000
Gross Revenues less Operating Expenses	\$770,678	\$888,660	\$881,011	\$873,063	\$864,802	\$856,217
Debt Service and Coverage						
2002 Parking Bond Debt Service (10)	788,350					
2013 Parking Bond Debt Service (11)		569,550	569,550	569,550	569,550	569,550
Net Parking Bond Debt Coverage (12)	0.92	2.26	2.23	2.19	2.15	2.12
All-In Debt Service Coverage (13)	0.98	1.56	1.55	1.53	1.52	1.50
Other Expenses Subordinate to Debt (14)						
CFD Admin Expense		50,000	50,000	50,000	50,000	50,000
Net Remaining Revenues	(17,672)	269,110	261,461	253,513	245,252	236,667
Reserve Funds - Ending Balance						
Bond Debt Service Reserve (15)	820,396	569,550	569,550	569,550	569,550	569,550
Supplemental Reserve (16)	76,513	345,623	607,084	860,597	1,105,850	1,139,100
Surplus Revenue Fund (17)	-	-	-	-	-	203,417
	896,909	915,173	1,176,634	1,430,147	1,675,400	1,912,067

See combined footnotes for Table 8 and Table 9 on the following page.

Source: City of South Lake Tahoe Finance Department.

Footnotes to Table 8 and Table 9:

- (1) Audited actual results represent a subset of the Parking Enterprise presented in the City's Comprehensive Annual Financial Report.
- (2) Fiscal Year 2012-13 amounts reflect unaudited actual revenues and expenses through Fiscal Year-end (September 30).
- (3) Operating Revenues reflects all revenues derived from operation and usage of the Parking Garage, including hourly or daily parking usage, validations and parking passes, advertising revenues and special event rentals. Revenues for Fiscal Year 2013-14 and thereafter are budgeted at slightly less than the lowest actual annual result since Fiscal Year 2004-05.
- (4) Operating expenses for Fiscal Year 2002-03 through Fiscal Year 2012-13 exclude amounts for parking enforcement activities. Operating expense estimates for Fiscal Year 2014-15 and thereafter are based on Fiscal Year 2013-14 budget, with Employee Salaries & Benefits inflated at 5% annually thereafter and all other costs inflated at 3% annually thereafter. See also "THE PARKING GARAGE - Management".
- (5) In September 2013, the management of the Parking Garage was transferred from Standard Parking to the City. Through Fiscal Year 2012-13, management costs were largely reflected in Technical/Professional Services. Beginning in September 2013, employee costs are estimated based on 1.2 full time equivalent employees.
- (6) Annual utility costs vary based on energy costs and weather, as additional snowmelt activities are required in years with heavy snowfall.
- (7) Fiscal agent fees include costs of credit card fees and cash management for Parking Garage ticket processing and revenue collection.
- (8) Other includes amounts for advertising, communications, fixtures and miscellaneous expenses.
- (9) Reflects Surplus Special Tax Revenues transferred to the Authority from special tax revenues levied in the District after payment of debt service on 2007 CFD Bonds. In prior years, CFD Administrative Expenses were payable ahead of bond debt service. Upon closing of the Bonds, CFD Administrative Expenses will be payable after debt service on the Bonds and the 2007 CFD Bonds. Fiscal Year 2012-13 Surplus Special Tax Revenues based on actual receipts to date; levied but unpaid Surplus Special Tax Revenues are not included. For Fiscal Year 2013-14, the budgeted amount has been revised to reflect current estimates. Surplus Special Tax Revenues for Fiscal Year 2014-15 and thereafter based on Fiscal Year 2013-14 tax levy net of debt service on the 2007 CFD Bonds. See also Table 7 above.
- (10) Debt service, net of capitalized interest, for Fiscal Years 2002-03 through 2012-13 is presented on a cash basis reflecting the Fiscal Year in which it was paid.
- (11) Represents maximum annual debt service on the Bonds, presented on a Bond Year basis ending December 1 in the Fiscal Year ending September 30 of the same calendar year.
- (12) Pursuant to the indenture, calculated by dividing Net Operating Revenues by the portion of bond debt service payable from Net Operating Revenues (determined as the Maximum Annual Debt Service less the greater of (a) 50% of Maximum Annual Debt Service or (b) Surplus Special Tax Revenues divided by 1.1x)
- (13) Calculated by dividing Gross Revenues less Maintenance and Operation Expenses by total bond debt service.
- (14) The Authority owes \$585,000 (plus accrued interest) under a Reimbursement Agreement entered into between the Original Agency and the Authority in 2003. This obligation is subordinate to debt service on the Bonds and to operations and maintenance of the Parking Garage. The Authority has not made any payments under the Reimbursement Agreement, and the status of the Reimbursement Agreement under the terms of the Dissolution Act is not clear. See "THE PARKING GARAGE – Subordinate Obligation."
- (15) Established in an amount equal to the lesser of (i) 10% of par, (ii) maximum annual debt service or (iii) 125% of average annual debt service of the outstanding bonds.
- (16) An initial deposit of \$151,513.11, which includes a transfer of \$76,513.11 from the prior supplemental reserve, into the Supplemental Reserve for the Bonds is expected at closing. See "SECURITY FOR THE BONDS - Supplemental Reserve Account" for a description of the Supplemental Reserve Account Requirement.
- (17) Represents amounts remaining after payment of debt service, replenishment of the Bond Reserve Fund as needed, and satisfaction of the Supplemental Reserve Account Requirement.

RISK FACTORS

Investment in the Bonds involves risks, which may not be appropriate for certain investors. The following is a discussion of certain risk factors, in no particular order of importance, all of which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definite. The occurrence of one or more of the events discussed herein could adversely affect the sufficiency of Gross Revenues to pay debt service on the Bonds.

Limited Obligations

The Bonds are limited obligations of the Authority secured by and payable from Gross Revenues and other amounts held in the funds and accounts established under the Indenture and available for payment on the Bonds. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Bonds are not general obligations of the Authority, but are limited obligations payable solely from amounts pledged under the Indenture.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds. Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, recognition, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification, of the rights of the owners of the Bonds.

Insufficiency of Gross Revenues

Should the Gross Revenues be insufficient to cover the debt service, the Authority has established a Bond Reserve Account in the initial amount under the heading "THE PLAN OF FINANCE - Estimated Sources and Uses of Funds" to pay debt service on the Bonds, to the extent other funds are not available therefor. Under the Indenture, the Authority has covenanted to maintain, in the Bond Reserve Account, an amount equal to the Bond Reserve Account Requirement. If there are insufficient Gross Revenues, the Authority may be unable to replenish the Bond Reserve Account. If the insufficiency were to continue in successive years, the Bond Reserve Account could be depleted and a default on the Bonds could occur.

Risk Factors Relating to the Parking Garage

The Operating Revenues of the Parking Garage are the primary source of revenue for payment of debt service on the Bonds.

General Operating Risks. Future revenues and expenses relating to the Parking Garage are generally subject to, among other things, the capabilities of management, demand for parking facilities, competition from other parking facility providers in the Heavenly Village area, rates, costs and numerous other factors, including economic developments in the area and changes in the economy in general, and other conditions which are unpredictable and which may adversely affect the revenues of the Parking Garage. In addition, future economic and other conditions, including demand for parking facilities, and economic developments in the

City, together with changes in rates, costs and governmental regulation, may adversely affect revenues and expenses and, consequently, the availability of Gross Revenues to pay principal and interest on the Bonds. The future financial condition of the Parking Garage could also be adversely affected by, among other things, legislation, regulatory actions, reduced demand for parking facilities arising from demographic changes and a number of other conditions which are unpredictable, including the risk factors set forth herein.

General Real Estate Risks. There are many risks involved in the operation of the Parking Garage, many of which are not within the Authority's control, which may have substantial bearing on the generation of revenues from the operation of the Parking Garage. Such risks include possible adverse use of adjoining land, fires or other casualty, condemnation, changes in the demand for such facilities, decline in the Heavenly Village area in which the Parking Facility is located and general economic conditions.

Risks of Damage and Destruction. If the Parking Garage is damaged or destroyed by earthquake, fire or other events, and such damage or destruction substantially interferes with the operation of the Parking Garage, the Gross Revenues could be adversely affected. The terms of the Indenture require the Authority to procure and maintain fire and extended coverage, earthquake insurance (if the Authority in its discretion determines that earthquake insurance is available on the open market from reputable insurance companies at reasonable cost), business interruption insurance, boiler and machinery insurance and public liability insurance at certain stated minimum coverage levels on all facilities of the Parking Garage while any of the Bonds are Outstanding. The proceeds of such insurance and the proceeds of any condemnation awards with respect to the Parking Garage will be deposited into the Insurance and Condemnation Proceeds Fund under the Indenture and used to either repair or replace the damaged, destroyed or taken property, or if the Authority elects not to repair or replace damaged, destroyed or taken property, to redeem the Bonds.

Local Economy and Tourism. The transient use of the Parking Garage is and will be directly related to the level of shopping and other business activity in the neighborhood surrounding the Parking Garage. The level of shopping and other business activity could be adversely affected by a downturn in the general economic condition of the City or the region. To the extent that the regional economy suffers a long-term or severe recession, shopping activity in the neighborhood surrounding the Parking Garage could decrease significantly, thereby reducing the transient use of the Parking Garage and the Revenues. In addition, the City is a year-round tourist destination. Weather can be a significant factor in the level of tourism that takes place within a given year. Excessive rain or snowfall can cause road closures, which also affect the level of tourism. A drought or unusual weather pattern or some other event or condition could have a material impact upon the tourism industry in the City, and result in a significant impact upon the Gross Revenues and the Authority's ability to make payments on the Bonds.

Availability of Other Parking. Most of the parking available near the Parking Garage is restricted to specific uses pursuant to the terms of the Parking Management Agreement. However, in many instances, the owners of the parking lots have responsibility for enforcement of the parking restrictions, and the Authority cannot guarantee that all restrictions will be enforced consistently. In addition, there is abundant free parking across the California-Nevada state line that is not and cannot be restricted by the Authority. Rather than use the Parking Garage, visitors to the Heavenly Village area may decide to park in restricted areas and risk enforcement, or they may choose to utilize free parking and walk the extra distance to Heavenly Village.

Risk Factors Relating to Surplus Special Taxes

Subordinate Nature of Pledge. For so long as the 2007 CFD Bonds are outstanding, the obligation of the District to transfer Surplus Special Tax Revenues to the Authority is subordinate to the debt service obligations of the District under the CFD Indenture. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to provide Surplus Special Tax Revenues after satisfying the requirements of the CFD Indenture.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay amounts due under the CFD Indenture or to provide any Surplus Special Tax Revenues.

Bankruptcy and Foreclosure. The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in the possibility of delinquent Special Tax installments not being paid in full. To the extent that bankruptcy or similar proceedings were to involve a large property owner or large number of property owners in the District, available Surplus Special Tax Revenues could be reduced, resulting in a reduction of the Gross Revenues available to pay debt service on the Bonds.

Property Tax Delinquencies. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner. See "THE COMMUNITY FACILITIES DISTRICT – Delinquency History."

Sustained or increased delinquencies in the payment of the Special Taxes could result in a decrease in available Surplus Special Tax Revenues for transfer to the Authority and a corresponding reduction in Gross Revenues available to pay debt service on the Bonds.

Payment of Special Tax is not a Personal Obligation of the Property Owners. An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the District, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the District has no recourse against the owner.

Property Values. If a property owner defaults in the payment of the Special Tax, the

District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the District's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions. No assurance can be given that, should a parcel with delinquent Special Taxes be foreclosed upon and sold for the amount of the delinquency, any bid will be received for such property or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. In such case, there can be no assurance that any Surplus Special Tax Revenues would be available to transfer to the Authority.

Other Possible Claims Upon the Value of Taxable Property. While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled "THE COMMUNITY FACILITIES DISTRICT – Direct and Overlapping Debt" shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property. In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax.

Enforcement of Special Taxes on Governmentally Owned Properties. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the FDIC, the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest. The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the District. No assurance can be given as to the likelihood that the risks described above will materialize while the Bonds are outstanding.

Exemptions Under Rate and Method and the Mello-Roos Act. Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Mello-Roos Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Taxes; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Taxes, will continue to be subject to the Special Taxes.

In addition, although the Mello-Roos Act provides that if property subject to the Special Taxes is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Taxes with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Taxes. The Mello-Roos Act further provides that no other properties or entities are exempt from the Special Taxes unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Concentration of Ownership. Heavenly Valley, Limited Partnership, as owner of the Gondola Base Station, is responsible for approximately 16% and Marriot Resorts (and related entities, including First American) is responsible for approximately 27% of the Special Tax levy in the District. See Table 2 - Top Special Taxpayers under the caption "THE COMMUNITY FACILITIES DISTRICT "- Special Tax Revenue Capacity."

Future delinquencies by a major taxpayer in the payment of property taxes when due could result in (i) a deficiency in the amounts of funds legally available to pay the Surplus Special Tax Revenues under the Parking Facility Agreement or (ii) a delay in the payment of Surplus Special Tax Revenues as the Successor Agency or the District pursues available remedies in the case of late payment or nonpayment.

Dissolution of Successor Agency

The Parking Facility Agreement requires the Successor Agency to transfer Surplus Special Tax Revenues to the Authority to pay or prepay principal or interest on the Bonds. The actions of the Successor Agency are governed and subject to the limitations set forth in the Dissolution Act (see "THE REDEVELOPMENT AGENCY"). The primary task of the Successor Agency is to wind down the affairs of the Original Agency, and the Dissolution Act does not contain any provision addressing the special circumstances where the governing board of a successor agency would be acting as the legislative body of a community facilities district, which is a separate legal governmental entity under the CFD Act. On July 2, 2013, the Oversight Board of the Successor Agency adopted its Resolution No. 2013-04, approving the execution and delivery of the First Amendment to Parking Facility Agreement and also made certain determinations, including that the District is a legal governmental entity, separate from the Successor Agency; that all Special Tax Revenues are revenues of the District and not of the Successor Agency; and that collection of, and payments out of, Special Tax Revenues are subject to the CFD Act and the Rate and Method and not the Dissolution Act. See also "THE PARKING FACILITY AGREEMENT"

The Dissolution Act provides that when all the debt of a redevelopment agency has been retired or paid off, the Successor Agency will terminate its existence within one year of the final debt payment. However, no definition of "debt of a redevelopment agency" is given. As such, there can be no assurance that the Successor Agency will continue in existence beyond one year after the final payment of its obligations related to bonded debt other than the Bonds. The 2007 CFD Bonds are currently scheduled to be paid off on October 1, 2031, and other outstanding debt of the Successor Agency has a final maturity date of October 1, 2037. The maturity date of the Bonds is December 1, 2037. While the Authority believes that the obligations of the Successor Agency to levy and collect the Special Taxes in the District and transfer to the Authority the Surplus Special Tax Revenue should not be extinguished by the Dissolution Act, under the Dissolution Act as it currently exists, no assurance can be given that the Successor Agency will continue in existence until final maturity date of the Bonds.

In the Parking Facility Agreement, the Successor Agency has covenanted, that in the event that the Successor Agency is to be dissolved by operation of law prior to payment in full of the Bonds and such dissolution will have an adverse effect upon the continued payment of Surplus Special Tax Revenues, prior to such dissolution occurring the Successor Agency will use its best efforts to take such action as is necessary to assure the continued payment of Surplus Special Tax Revenues to the Authority for so long as the Bonds or any bonds issued to refund the Bonds are outstanding. See also "THE REDEVELOPMENT AGENCY."

In the Indenture, the Authority has covenanted that, in the event that the Successor Agency is to be dissolved by operation of law prior to payment in full of the Bonds and such

dissolution will have an adverse effect upon the continued existence of the Authority, prior to such dissolution occurring the Authority will add a member or otherwise amend the Joint Powers Agreement such that the continued existence of the Authority will be assured. See also "THE AUTHORITY."

Loss of Tax Exemption

As discussed under the caption "CONCLUDING INFORMATION - Tax Matters," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Authority in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds, and no assurance can be given that the initial offering prices for the Bonds may continue for any period of time.

CONCLUDING INFORMATION

Continuing Disclosure

The Authority has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data (the "Annual Report") by not later than nine months following the end of the Authority's fiscal year (currently June 30 based on the Authority's fiscal year ending September 30), commencing June 30, 2014, with the report for the fiscal year ending September 30, 2013, and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in APPENDIX D — FORM OF CONTINUING DISCLOSURE CERTIFICATE.

The Agency, the Authority and the City have existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of outstanding long-term debt obligations of the Agency, the City, the Authority and related entities. The Agency, the City and the Authority failed to file audited financial statements with respect to certain outstanding debt obligations for Fiscal Years 2006-07 through 2011-12 and notices of late filings were not made. Further, the City did not file event notices regarding upgrades to the underlying ratings of certain of its bonds and downgrades of bond insurance companies that insured its bonds. The City has filed all required annual reports and late notices of the rating changes as of October 2013.

In 2002, the Authority entered into a continuing disclosure agreement (the "Prior Continuing Disclosure Certificate") with respect to the Prior Bonds. Under the Prior Continuing Disclosure Certificate, the Authority covenanted to provide, annually and semi-annually, certain financial information and operating data and to provide notices of the occurrence of certain enumerated events. The Authority failed to file the required annual reports in 2008, 2009 and

2012. The Authority also failed to file a semi-annual report due in 2013. The Authority filed annual reports with respect to the Prior Bonds in 2010 and 2011; however, not all of the required information was included. As of the date hereof, the Authority has made late filings of the 2008, 2009 and 2012 annual reports and of the 2013 semi-annual report.

The City is currently taking steps to ensure compliance with future continuing disclosure obligations of the City and its related entities, including the Authority, and intends to adopt written policies and procedures. In addition, the City has hired Fraser & Associates to assist with its continuing disclosure obligations, including the Authority's continuing disclosure obligations with respect to the Bonds. See APPENDIX D — FORM OF CONTINUING DISCLOSURE CERTIFICATE.

Absence of Litigation

At the time of delivery of and payment for the Bonds, the Authority will deliver a certificate to the effect that there is no known action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency against the Authority affecting the existence of the Authority or the title of its respective officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Parking Facility Agreement or any other application, agreements or any action of the Authority or contemplated by any of said documents. In addition, at the time of delivery of and payment for the Bonds, the City will deliver a certificate to the effect that there is no known action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency against the City that affects the existence of the City or the title of its respective officers to office; affects, contests or seeks to prohibit, restrain or enjoin the payment or collection of Gross Revenues or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the JPA Agreement, the Parking Management Agreement or the consummation of the transactions on the part of the City contemplated thereby; contests the exclusion of the interest on the Bonds from federal or state income taxation; contests the powers of the City which may result in any material adverse change relating to the financial condition of the City.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds. The Authority has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California

personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

The form of the proposed opinion of Bond Counsel is attached as APPENDIX E.

Legal Matters

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the Bonds, the form of which opinion is set forth in APPENDIX E. Certain legal matters will also be passed upon for the District by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for the Authority by the City Attorney.

Professional Services

In connection with the issuance of the Bonds, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Bonds: Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel; Public Financial Management, Inc., as financial advisor to the District; and The Bank of New York Mellon Trust Company, N.A., as Trustee.

No Rating

The Bonds are not rated. No application has been made by the Authority to any rating agency for the assignment of a municipal bond credit rating on the Bonds.

Underwriting

The Authority has entered into a Bond Purchase Agreement with Stifel, Nicolaus & Company, Incorporated (the "Underwriter") under which the Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Authority at a price of \$7,546,263.58 (being the principal amount of the Bonds, less net original issue discount of \$65,439.65, less an underwriter's discount of \$123,296.77).

The Underwriter is obligated to purchase all of the Bonds if any are purchased. The Bonds may be offered and sold by the Underwriter to certain dealers and others at prices lower than the public offering prices, and the public offering prices may be changed, from time to time, by the Underwriter.

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture and Parking Facility Agreement and is supplemental to the summary of other provisions of those documents contained elsewhere in this Official Statement. This summary is not intended to be definitive. Reference is made to the Indenture and the Parking Facility Agreement for the complete texts thereof. Copies of the Indenture and Parking Facility Agreement are available from the Authority.

DEFINITIONS

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

"Act" means Chapter 5 of Division 7 of Title I of the Government Code of the State of California (codified at California Government Code Sections 6500 and following). Whenever reference is made in the Indenture to the Act, reference is made to the Act as in force on the date of the initial execution and delivery of the Indenture, unless the context otherwise requires.

"Agency" means the South Tahoe Redevelopment Successor Agency, a public entity, and its successors and assigns.

"Annual Debt Service" means, as of any date of calculation, the sum of (1) the interest falling due on Bonds then Outstanding for that Bond Year (assuming that all Bonds then Outstanding are retired on their respective maturity dates or mandatory sinking fund redemption dates), (2) the principal for Bonds then Outstanding for that Bond Year falling due by their terms or pursuant to mandatory sinking fund redemption

"Authority" means the South Tahoe Joint Powers Parking Financing Authority, created under the Act and the JPA Agreement, its successors and assigns.

"Authorized Authority Representative" means the Chairman or Vice-Chairman or Executive Director of the Authority, or any other person designated in writing by any of the foregoing as an Authorized Authority Representative.

"Bondholder" or "Owner" means the registered owner of a Bond as set forth on the bond Registration Books of the Trustee.

"Bond Reserve Account Credit Facility" means (i) a letter of credit, surety bond or other financial undertaking issued by a financial institution, if the unsecured obligations of such financial institution have the highest rating then issued by a nationally recognized bond rating agency, or (ii) a policy of insurance issued by a municipal bond insurance company, if the obligations insured by such insurance company has a rating of AA or higher then issued by a nationally recognized bond rating agency, and which has been delivered to the Trustee by the Authority to satisfy the obligation to deposit moneys in the Bond Reserve Account, which is in an amount at least equal to the Reserve Requirement, and which the Trustee is authorized to draw on for the purpose of paying the principal of or interest on the Bonds.

"Bond Year" means the period of twelve consecutive months ending on December 1 in any year in which Bonds are Outstanding.

"Bonds" means the South Tahoe Joint Powers Parking Financing Authority Parking Revenue Bonds authorized under and secured by the Indenture.

"Certificate of the Authority" means a certificate signed by an Authorized Authority Representative. If and to the extent required by the provisions of the Indenture, each Certificate of the Authority will include the statements provided for in the Indenture.

"CFD No. 2001-1" or the "CFD" means the Agency's Community Facilities District No. 2001-1 (Park Avenue Project).

"CFD No. 2001-1 Indenture" means the Indenture, dated as of February 1, 2007, between the Agency and The Bank of New York Trust Company, N.A., as trustee, authorizing the issuance of the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Series 2007 Special Tax Refunding Bonds (Heavenly Village), as originally executed and as it may be amended from time to time in accordance with its terms or replaced with a similar document in connection with a refunding of the bonds described therein.

"City" means the City of South Lake Tahoe, a general law city and municipal corporation, its successors and assigns.

"Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement between the Authority and the Trustee executed and delivered by the Authority on the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Issuer and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term "investment" will include a hedge. The Trustee will have no responsibility to determine Fair Market Value.

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Fiscal Year" means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other twelve-month period subsequently selected and designated as the official fiscal year of the Authority.

"Gross Revenues" means (i) Operating Revenues and (ii) Surplus Special Tax Revenues.

"JPA Agreement" means the Joint Exercise of Powers Agreement, dated as of June 1, 2002, between the Agency and the City, as originally executed or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof.

"Maintenance and Operation Expenses" means necessary operating expenses, maintenance charges, expenses of reasonable upkeep and repairs, a properly allocated share of charges for insurance, direct or special administrative expenses directly chargeable to the Project and all other expenses incident to the operation of the Project, but will not include debt service, depreciation or any general administrative expenses of the Authority, the City, CFD No. 2001-1 or the Agency.

"Maximum Annual Debt Service" means, as of any date of calculation, an amount equal to the Annual Debt Service for that Bond Year in which such Annual Debt Service will be largest.

"Net Maximum Annual Debt Service" means, for any Bond Year, an amount equal to the greater of (a) Maximum Annual Debt Service minus the quotient derived from dividing (i) the amount of Surplus Special Tax Revenues reasonably expected to be transferred by the Agency to the Authority pursuant to the Parking Facilities Agreement, by (ii) 1.10; or (b) 50% of Maximum Annual Debt Service.

"Net Operating Revenues" means the Operating Revenues less Maintenance and Operation Expenses, excluding any earnings on or other income derived from the investment of the Net Operating Revenues.

"Operating Revenues" means any and all income, rents, rates, fees, charges, insurance and condemnation proceeds or other moneys received or receivable in connection with, or derived by the Authority from the ownership or operation of the Project, but excluding parking violation enforcement proceeds, any local, state or federal fee or tax imposed on occupancy of parking spaces, and any security deposits collected in the operation of the Project.

"Outstanding", when used as of any particular time with reference to Bonds (subject to the provisions of the Indenture), means all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except;

- (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which funds in the necessary amount will have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as in provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice; and

(c) Bonds in lieu of or in substitution for which other Bonds will have been authenticated and delivered by the Trustee pursuant to the terms of the Indenture.

"Parking Consultant" means a person or firm of recognized regional standing in connection with matters relating to the operation, management and financial condition of parking garages or similar facilities for parking motor vehicles, selected by the Authority.

"Parking Facility Agreement" means the Parking Facility Agreement, dated as of June 1, 2002, together with the First Amendment to Parking Facility Agreement, dated as of November 1, 2013, each between the Agency and the Authority relating to the planning, design, construction, acquisition, operation, financing and ownership of the Project and the payment by the Agency to the Authority of the Surplus Special Tax Revenues.

"Participating Underwriter" will have the meaning set forth in the Continuing Disclosure Agreement.

"Permitted Investments" means any of the following that at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value (provided that the Trustee will be entitled to rely upon any investment directions from the Authority as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California):

- (a) Federal Securities;
- (b) obligations of any federal agency which either (a) represent full faith and credit of the United States of America, or (b) re rated "AA" or better by S&P;
- (c) U.S. dollar denominated deposit accounts federal funds and banker's acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "A" or better by S&P, maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;
- (d) commercial paper which is rated at the time of purchase in the single highest classification, "A" or better by S&P, and which matures not more than 270 calendar days after the date of purchase;
- (e) investments in a money market fund, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee

serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

- (f) investment agreements with financial institutions whose long-term general credit rating is A or better from S&P, by the terms of which the Trustee may withdraw funds if such rating falls below "A"; and
- (g) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee; and
- (h) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

"Project" means, the approximately 410-space parking facility more fully described in Exhibit A to the Indenture.

"Renewal and Replacement Annual Contribution" means, as of any date, the amount that, in the opinion of the City, should be set aside in each Fiscal Year in order to provide for the Renewal and Replacement Requirement, and which amount will be set forth in the current annual budget for the Project prepared by the Authority in accordance with the Indenture.

"Renewal and Replacement Requirement" means, as of any date, the amount that is necessary, in the opinion of the City, to provide during the next five years (or such longer period not to exceed ten years as the City determines) for the reasonably anticipated costs of repair, replacement and renewal of the Project in order to maintain the Project in good repair, working order and condition, as required by the Indenture, and which amount will be set forth in the current annual budget for the Project prepared by the Authority in accordance with the Indenture.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the lesser of (i) Maximum Annual Debt Service on the Bonds, (ii) 10% of the total of the proceeds of the Bonds, or (iii) 125% of average Annual Debt Service on the Bonds.

"Revenue Fund" means the fund by that name established and held by the Authority pursuant to the Indenture.

"Supplemental Reserve Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Supplemental Reserve Account Requirement" will mean, as of any date of calculation, an amount equal to the sum of: (i) two times Maximum Annual Debt Service, plus (ii) an amount equal to the shortfall, if any, between (a) the amount then on deposit in the Surplus Revenue Account and (b) the Renewal and Replacement Requirement.

"Surplus Revenue Account" means the account by that name established by the Authority pursuant to the Indenture.

"Surplus Special Tax Revenues" means an amount equal to the Special Taxes levied by the Agency at the maximum annual amounts authorized for CFD No. 2001-1 and collected by the Agency, less amounts of such Special Taxes needed to meet the requirements of the CFD No. 2001-1 Indenture to deposit Special Taxes into the Interest Account, Principal Account, Redemption Account, Reserve Account and Rebate Fund (each as defined in the CFD No. 2001-1 Indenture) with no deduction made for the Administrative Expense Cap or for Administrative Expenses (each as defined in the CFD No. 2001-1 Indenture).

"Trustee" means The Bank of New York Mellon Trust Company, N.A., serving as trustee for the Bonds, and any successor thereto or agent thereof.

INDENTURE

Pledge of Gross Revenues; Flow of Funds

(a) Under the Indenture, all of the Gross Revenues are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds, except that out of Gross Revenues there may be allocated and applied by the Authority such amounts for payment of Maintenance and Operation Expenses and for such other purposes as are expressly permitted by the Indenture. Said pledge will constitute a first lien on the Gross Revenues for the payment of the Bonds in accordance with their terms.

(b) The Authority will establish a special fund to be known as the "South Tahoe Parking Revenue Fund" (the "Revenue Fund"), which will be maintained by the Authority so long as any of the Bonds are Outstanding. The Authority will deposit all Gross Revenues as received to the credit of the Revenue Fund; provided, however, that certain proceeds of insurance policies or condemnation awards will be deposited into the Insurance and Condemnation Proceeds Fund in accordance with the Indenture. All moneys at any time deposited in the Revenue Fund will be held in trust for the benefit of the holders from time to time of the Bonds and will be disbursed, allocated and applied solely for the uses and purposes described in the Indenture.

(c) The Authority will withdraw amounts on deposit in the Revenue Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

(i) *Maintenance and Operation and Expenses.* The Authority will apply amounts of Gross Revenues on deposit in the Revenue Fund to pay all Maintenance and Operation Expenses as and when due.

(ii) *Debt Service Fund.* So long as any Bonds remain Outstanding, the Authority will withdraw from the Revenue Fund and pay to the Trustee prior to each

Interest Payment Date for deposit into the Debt Service Fund (which the Trustee will establish and hold in trust hereunder) an amount which, together with other available amounts then on deposit in the Debt Service Fund, is at least equal to one-half of the aggregate amount of principal of and interest coming due and payable on the Bonds in the current year, plus any amount required to replenish the Bond Reserve Account.

(iii) *CFD Expenses.* So long as any Bonds remain Outstanding, after satisfying the required deposits to the Debt Service Fund for the Bond Year, the Authority will withdraw from the Revenue Fund (or from the Supplemental Reserve Account, if necessary) and pay or transfer to the Agency and/or CFD No. 2001-1 an amount necessary to pay Administrative Expenses of CFD No. 2001-1 (as defined in the CFD No 2001-1 Indenture) incurred as of the date of transfer, up to the amount of \$50,000 per Bond Year.

(iv) *Supplemental Reserve Account.* So long as any Bonds remain Outstanding, the Authority will withdraw from the Revenue Fund and pay to the Trustee prior to each Interest Payment Date for deposit into the Supplemental Reserve Account (which the Trustee will establish and hold in trust) the amount required to bring the balance in the Supplemental Reserve Account to an amount equal to the Supplemental Reserve Account Requirement. No deposit need be made in the Supplemental Reserve Account so long as there is in the Supplemental Reserve Account a sum equal to the Supplemental Reserve Account Requirement or when and if the sum of the amounts contained therein and in the Debt Service Fund and Bond Reserve Account are at least equal to the sum of the aggregate principal amount of all of the Bonds then Outstanding and all of the interest then due or thereafter to become due on all such Bonds.

(v) *Surplus Revenue Account.* The Authority will establish a separate account to be known as the "South Tahoe Parking Surplus Revenue Account" (the "Surplus Revenue Account"), which account will be maintained so long as any of the Bonds are Outstanding. After the preceding requirements of this subsection (c) have been satisfied in full for the Bond Year, any moneys remaining in the Revenue Fund, will be deposited by the Authority in the Surplus Revenue Account. So long as no Event of Default has occurred and is continuing hereunder, moneys on deposit in the Surplus Revenue Account may be applied or withdrawn by the Authority for any one or more of the following purposes –

(1) to purchase or redeem Bonds at or prior to maturity in accordance with the Indenture;

(2) to pay transfer to the Agency to reimburse Agency costs of administration of CFD No. 2001-1;

(3) for any purpose incidental to the acquisition, construction, furnishing, equipping, operation, maintenance, renewal, replacement or improvement of the Project or any part thereof; or

(4) to the extent that the amount remaining on deposit in the Surplus Revenue Account exceeds the Renewal and Replacement Requirement, for transfer to any fund or account of the Authority for any lawful purpose.

(d) The Authority will manage, conserve and apply moneys in the Revenue Fund in such a manner that all deposits required to be made as described under subsection (c) above will be made at the times and in the amounts so required.

Special Funds Held By The Trustee.

(a) **Debt Service Fund.** The Trustee will establish a special fund to be known as the "Debt Service Fund," which will be maintained by the Trustee so long as any of the Bonds are Outstanding. The Trustee will establish two sub-accounts within the Debt Service Fund designated as the Bond Interest Account and the Bond Principal Account. The Trustee will make transfers from the available moneys in the Debt Service Fund for the following purposes, in the following order of priority, as described below:

(1) **Bond Interest Account.** On or before each Interest Payment Date, the Trustee will transfer from available moneys in the Debt Service Fund and deposit in the Bond Interest Account, an amount, when added to the amount, if any in the Bond Interest Account, equal to the amount of interest becoming due and payable on all Outstanding Bonds on the next Interest Payment Date. Moneys in the Bond Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(2) **Bond Principal Account.** On or before each Interest Payment Date upon which principal is due, and after the deposit to the Bond Interest Account has been made, the Trustee will transfer from available moneys in the Debt Service Fund and deposit in the Bond Principal Account, an amount, when added to the amount, if any in the Bond Principal Account, equal to the amount of principal becoming due and payable on all Outstanding Bonds on the next Interest Payment Date. Moneys in the Bond Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it becomes due and payable (including for the purchase or redemption of Bonds prior to their fixed maturity date).

(b) **Bond Reserve Account.** The Trustee will establish a separate fund to be known as the "South Tahoe Parking Bond Reserve Account" (the "Bond Reserve Account"), which fund will be maintained so long as any of the Bonds are Outstanding. After each Interest Payment Date and after the deposits to the Bond Interest Account and Bond Principal Account have been made, the Trustee will transfer from available moneys in the Debt Service Fund and deposit in the Bond Reserve Account, all moneys that will be required to maintain a balance in the Bond Reserve Account at least equal to the Reserve Requirement.

In determining the balance required to be maintained in the Bond Reserve Account, said balance may be satisfied by depositing with the Trustee, a Bond Reserve Account Credit Facility, which will be applied solely in accordance with its terms for the purpose of paying the principal of or interest on the Bonds secured by such Bond Reserve Account Credit Facility.

No deposit need be made in the Bond Reserve Account so long as there is in the Bond Reserve Account a sum equal to the Reserve Requirement or when and if the sum of the amounts contained therein and in the Bond Interest Account and in the Bond Principal Account and in the Supplemental Reserve Account are at least equal to the sum of the aggregate principal amount of all of the Bonds then Outstanding and all of the interest then due or thereafter to become due on all such Bonds.

If the amount in the Bond Reserve Account at any time exceeds the Reserve Requirement, the Trustee will withdraw the amount of such excess from said fund and transfer such amount to the Debt Service Fund. Except for such withdrawals or transfers, moneys in the Bond Reserve Account will be used and withdrawn for the purpose of paying the principal of or interest on the Bonds in the event that no other funds (including without limitation any amount on deposit in the Supplemental Reserve Account) are available therefor, or for the retirement of all or a portion of the Bonds then Outstanding upon defeasance or maturity.

(c) **Supplemental Reserve Account.** The Trustee will establish a separate fund to be known as the “South Tahoe Parking Supplemental Reserve Account” (the “Supplemental Reserve Account”), which fund will be maintained so long as any of the Bonds are Outstanding. Moneys received from the Authority and designated for deposit in the Supplemental Reserve Account will be deposited into such account as received by the Trustee from the Authority. Moneys in the Supplemental Reserve Account are subject to a yield restriction under applicable provisions of the Code.

Moneys in the Supplemental Reserve Account will be available to the Trustee for paying the principal of or interest on the Bonds in the event moneys in the Debt Service Fund are not sufficient to pay scheduled payments on the Bonds. Moneys in the Supplemental Reserve Account will also be available to the Authority upon submission of a Written Order of the Authority delivered to the Trustee, solely for the purpose of any of the following: (i) paying any Maintenance and Operation Expenses then due and payable; or (ii) paying any necessary costs of renewal or replacement of the Project (but only to the extent that amounts on deposit in the Surplus Revenue Account are not sufficient to make such payments); (iii) paying or reimbursing Administrative Expenses of CFD No. 2001-1 (as defined in the CFD No 2001-1 Indenture); or (iv) instructing the Trustee to utilize such moneys for the retirement or defeasance of all of the Bonds then Outstanding (either upon maturity or other redemption) in accordance with their terms.

If on December 2nd of any year, the amount in the Supplemental Reserve Account exceeds the Supplemental Reserve Account Requirement, the Trustee will withdraw the amount of such excess and transfer such amount to the Authority for deposit into the Surplus Revenue Account.

Bond Redemption Fund

The Indenture establishes a Bond Redemption Fund, which will be maintained by the Trustee pursuant to the Act, including a separate Optional Redemption Account and a separate Extraordinary Redemption Account therein. All amounts deposited into the Optional Redemption Account, the Extraordinary Redemption Account will be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds Outstanding, in the manner and upon the terms and conditions specified in the Indenture; provided, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices as may be directed by the Authority, except that such purchase price will not exceed the par value of such Bonds.

Investment of Funds and Accounts

Moneys in any of the funds and accounts established pursuant to the Indenture and held by the Trustee will be invested by the Trustee solely in Permitted Investments at the Written Request of the Authority filed with the Trustee which such Permitted Investments will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder, and the Trustee will have no liability or responsibility for any loss resulting from any investment made in accordance herewith; provided, that if no such Written Request is received by the Trustee, the Trustee will invest such money in those Permitted Investments described in clause (e) of the definition thereof, provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee will have received a Written Request of the Authority specifying a specific money market fund and, if no such Written Request of the Authority is so received, the Trustee will hold such moneys uninvested. All interest, profits and other income received from the investment of moneys in any other fund or account established pursuant to the Indenture will be deposited when received in the Debt Service Fund.

Except as otherwise described below, the Authority covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by the Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Bond Reserve Account will be valued at their present value (within the meaning of section 148 of the Code).

Insurance

The Authority will procure and maintain the minimum levels of insurance set forth below with respect of the Project while any of the Bonds are Outstanding:

(1) Fire and extended coverage insurance on all buildings included within the Project, in an amount of not less than the full insurable value of the Project, and earthquake insurance (if the Authority in its discretion determines that earthquake insurance is available on the open market from reputable insurance companies at reasonable cost) on all facilities constituting any part of the Project in an amount of not less than eighty percent (80%) of the full insurable value of the Project; and

(2) Business interruption insurance with respect to the Project, in an amount sufficient to enable the Authority to deposit with the Trustee, from the proceeds of such insurance an amount equal to the sum that would normally have been available for deposit in the Debt Service Fund from the Gross Revenues of the the Project had business not been interrupted, during a period of twenty-four (24) months following a loss;

(3) Boiler and machinery insurance covering any steam boilers and pressure vessels servicing the Project, in an amount of not less than one million dollars (\$1,000,000) per occurrence; and

(4) Public liability insurance, with limits of not less than one million dollars (\$1,000,000) for one Person and three million dollars (\$3,000,000) for more than one

Person involved in one accident, to protect the Authority from claims for bodily injury or death which may arise from the Authority's operations, including any use or occupancy of its grounds, structures and vehicles.

As an alternative to providing the insurance described in subparagraphs (1) – (4) above, the Authority may provide other kinds of insurance or methods or plans of protection if and to the extent such other kinds of insurance or plans of protection will afford reasonable protection to the Authority, the Trustee and the officers, agents and employees of each, in light of all circumstances giving consideration to cost, availability and plans or methods of protection adopted by other governmental entities in the State of California.

Any insurance required by the Indenture may be contained in the form or forms of insurance customarily maintained by the Authority in connection with its general property and liability insurance upon all of the facilities and properties operated by it (including such deductible or self-insured retention that may be provided for in said policies).

In accordance with the Indenture, the proceeds of any insurance policy and the proceeds of any condemnation awards with respect to the Project, net of the amount of such condemnation award or such insurance proceeds remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such award or such proceeds, will be deposited immediately upon receipt by the Authority or any other named insured parties into the "Insurance and Condemnation Proceeds Fund" which will be established and maintained by the Authority, except that net proceeds of the insurance policy referred to in subsection (2) above will be deposited in the Revenue Fund to the extent needed to pay debt service on the Bonds. In the event the Authority elects to repair or replace the property damaged, destroyed or taken, moneys in the Insurance and Condemnation Proceeds Fund will be disbursed by the Authority for the purpose of repairing or replacing the property damaged, destroyed or taken in the manner and subject to the conditions set forth in the Indenture. If the Authority will elect not to repair or replace all or a portion of the property damaged, destroyed or taken, the Authority will transfer all or a portion (in an amount corresponding to the portion not repaired or replaced) of the amounts on deposit in the Insurance and Condemnation Proceeds Fund related thereto to the Extraordinary Redemption Account held by the Trustee, and apply such amounts to redeem Bonds.

Limitation on Indebtedness

The Authority covenants and agrees that it will not incur any indebtedness or financial obligations by borrowing money, by assuming or guaranteeing the obligations of others, by entering into installment purchase contracts or leases required to be capitalized in accordance with generally accepted accounting principles, and which have a claim on Gross Revenues superior or equal to and on a parity with the Bonds, except the Authority may refund a portion of the Bonds with bonds secured on a parity basis to achieve annual debt service savings.

Certain Covenants of the Authority

Compliance with Indenture and the Parking Facility Agreement. The Authority will not issue, or permit to be issued, any Bonds under the Indenture in any manner other than in accordance with the provisions of the Indenture, and will not suffer or permit any default to occur under the Indenture, but will faithfully observe and perform all the covenants, conditions and requirements. The Authority may issue bonds or other securities or undertake any other loan, lease, installment payment or other obligation, under the terms of any other indenture,

resolution, proceeding or other instrument or agreement, but only the Bonds issued under the Indenture will be secured thereby.

The Authority will not amend or modify in any manner the Parking Facility Agreement other than in accordance with the provisions of the Indenture, and will not default under, nor waive any default by any other party under, the Parking Facility Agreement, and the Authority will faithfully observe and perform and enforce all the covenants, conditions and requirements of the Parking Facility Agreement. The Authority may amend the Parking Facility Agreement, but only upon filing a Certificate of the Authority with the Trustee to the effect that such amendment will not materially adversely affect the Bondholders.

Against Encumbrances; Release of Surplus Special Tax Revenues. The Authority will not create or suffer to be created any encumbrance, pledge, lien or charge upon all or any part of the Project or the Gross Revenues except an encumbrance, pledge, lien or charge expressly stated to be inferior and subordinate to the lien of the Indenture.

Observance of JPA Agreement, Contracts and Regulations. The Authority will well and truly observe and perform the JPA Agreement and all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by the Act and any law of the United States or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any right, privilege or franchise now owned or hereafter acquired by the Authority, including its right to exist and carry on business, to the end that such rights, privileges and franchises will be maintained and preserved, and will not become abandoned, forfeited or in any manner impaired. In the event that Agency is to be dissolved by operation of law prior to payment in full of the Bonds and such dissolution will have an adverse effect upon the continued existence of the Authority, prior to such dissolution occurring the Authority will add a member or otherwise amend the JPA Agreement such that the continued existence of the Authority will be assured.

Establishment of Regulations, Rates and Charges. So long as any of the Bonds are Outstanding, the Authority will establish and maintain or cause to be established and maintained such rules and regulations and such rentals, rates, fees and charges for the use of the Project as will be required to generate in each Fiscal Year to Net Operating Revenues equal to at least one and one-half times (1.50x) Net Maximum Annual Debt Service for the Bond Year commencing in such Fiscal Year (the "Coverage Test").

In the event that at any time the Coverage Test is not met for two consecutive Fiscal Years and the Supplemental Reserve Account is less than the Supplemental Reserve Account Requirement at the end of such second Fiscal Year, the Authority will promptly retain the services of a Parking Consultant. Such Parking Consultant will examine the rents, fees and prices as well as the Maintenance and Operation Expenses for the Project and will file a report with the Trustee, the Participating Underwriter and the Authority containing recommendations of actions that may increase the amount of Net Operating Revenues. The Participating Underwriter or the Trustee may consult with the Parking Consultant during its examination and preparation of such report and will be provided all information concerning such Parking Consultant's examination and report, the Net Operating Revenues, the Project or such other matters as any of them may reasonably request.

So long as the Authority follows the recommendations set forth in the report of the Parking Consultant, failure to comply with the Coverage Test will not constitute an Event of Default.

Sale or Disposition of Project. So long as the Bonds are Outstanding, the Authority will not sell, abandon or otherwise dispose of any part of the Project, except as described below. The Authority may at any time sell at fair market value, permanently abandon the use of, or otherwise dispose of the Project or any part thereof if the following conditions exist:

(a) The Authority is then in full compliance with all covenants and undertakings contained in the Indenture.

(b) The sum of (1) the estimated Net Operating Revenues to be derived during the next succeeding Fiscal Year from the portion of the Project which will remain after such sale or abandonment (estimated so as to reflect the schedule of rentals, rates, fees and charges to be in effect in such Fiscal Year, and so as to give recognition to any anticipated changes in current expenses of the Project) plus (2) the estimated Net Operating Revenues to be derived from the replacement facility, if any, to be added to the Project, pursuant to this subparagraph, as a replacement for the facility sold or abandoned, for the Fiscal Year next succeeding the estimated date of completion of such replacement facility will be not less than one and one-half times (1.50x) the Net Maximum Annual Debt Service for such Fiscal Year.

Accounting Records and Reports. The Authority will keep or cause to be kept accurate financial records and proper books of account relating to the Project and the operations thereof. Such books and records will be made available at all reasonable times for inspection and examination, at the office of the Authority, by the Trustee or by any Bondholder or any authorized agent or representative of a Bondholder. However, nothing in the Indenture will require the Authority to make available for inspection any books or records of the Authority pertaining to any business of the Authority other than the Project.

Operation and Maintenance of Project; Annual Budget for the Project.

(a) The Authority will keep the Project at all times in good repair, working order and condition, and will operate the Project (or cause the Project to be operated) in an efficient and economical manner. The Authority may establish (or cause to be established) from time to time such funds or accounts or other provision for the payment of Maintenance and Operation expenses as it will deem appropriate.

(b) No later than October 1 of each Fiscal Year, the Authority agrees to prepare as part of its (or cause the City to prepare as part of the City's) annual budget, a budget for the operation of the Project for such Fiscal Year. Such budget will describe the anticipated receipts of Gross Revenues, costs and expenses for the Project and such other matters as the Authority will deem necessary or appropriate, and will include all anticipated Gross Revenues, Maintenance and Operation Expenses, Annual Debt Service payments, the Renewal and Replacement Requirement and the Renewal and Replacement Annual Contribution for such Fiscal Year. The Authority will at all times undertake to operate the Project in accordance with the then current budget. Such budget will be available to the Trustee and the Participating Underwriter upon request.

Tax Covenants.

(a) Private Activity Bond Limitation. The Authority will assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) Federal Guarantee Prohibition. The Authority will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) Rebate Requirement. The Authority will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) No Arbitrage. The Authority will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) Maintenance of Tax-Exemption. The Authority will take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

(f) Record Retention. The Authority will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least 3 years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the Authority will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(g) Compliance with Tax Certificate. The Authority will comply with the provisions of the Tax Certificate and the Use of Proceeds Certificate with respect to the Bonds, which are incorporated in the Indenture as if fully set forth therein. The tax covenants of the Authority will survive payment in full or defeasance of the Bonds.

Events of Default; Acceleration; Remedies

If any one or more of the following events ("Events of Default") will happen, that is to say --

(a) if default will be made in the due and punctual payment of the principal of, or premium (if any) or interest on, any Bond Outstanding when and as the same will become due and payable, whether at maturity as therein expressed, by proceedings for redemption by declaration or otherwise;

(b) if default will be made by the Authority in the performance or observance of any other covenant, agreement or condition in the Indenture or in the Bonds and such default will have continued for a period of sixty (60) days after written notice thereof, specifying such default

and requiring the same to be remedied, will have been given to the Authority by the Trustee, or to the Authority and the Trustee by the owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time Outstanding;

then and in each and every such case during the continuance of such Event of Default, unless the principal of all the Bonds Outstanding will have already become due and payable, the Trustee, by notice in writing to the Authority, may, and upon the written request of the owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, will, declare the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in the Indenture or in the Bonds Outstanding contained to the contrary notwithstanding. Notwithstanding anything to the contrary expressed in this paragraph, the Trustee will not be deemed to have knowledge of any Event of Default other than as described in the Indenture unless and until it will have actual knowledge thereof, or will have received written notice thereof, at its Principal Office. Except as otherwise expressly provided in the Indenture, the Trustee will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements in the Indenture or of any of the documents executed in connection with the Bonds or as to the existence of an Event of Default thereunder.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds Outstanding will have been so declared due and payable, and before any judgment or decree for the payment of the moneys due will have been obtained or entered as described herein, the Authority will pay to or will deposit with the Trustee a sum sufficient to pay all principal on the Bonds Outstanding matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds Outstanding, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) will have been made good or cured to the satisfaction of the Trustee, then, and in every such case, the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice of the Authority and to the Trustee, may, on behalf of the owners of all the Bonds Outstanding, rescind and annul such declaration and its consequences; but no such rescission and annulment will extend to or will affect any subsequent default, or will impair or exhaust any right or power consequent thereon.

Modification

Modification without Consent of Bondholders. The Authority and the Trustee from time to time and at any time, subject to the conditions and restrictions in the Indenture contained, may enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter will form a part, for any one or more or all of the following purposes --

- (a) to add to the covenants and agreements of the Authority in the Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Authority;
- (b) to evidence the succession of another entity whether public or private, to the Authority, or successive successions, and the assumption by a successor entity of the covenants and obligations of the Authority in the Bonds and in the Indenture contained;

(c) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to any matters or any questions arising under the Indenture, as the Authority may deem necessary or desirable and not inconsistent with the Indenture, and which will not materially adversely affect the interests of the owners of the Bonds;

(d) to issue refunding bonds in accordance with the Indenture; and

(e) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Any Supplemental Indenture authorized by the provisions of described in this subsection may be executed by the Authority and the Trustee without the consent of the owners of any of the Bonds at the time Outstanding, notwithstanding any of the provisions described below, but the Trustee will not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Modification with Consent of Bondholders. With the consent of the owners of not less than sixty per cent (60%) in aggregate principal amount of the Bonds at the time Outstanding, the Authority and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture will (1) extend the stated maturity of the Bonds or reduce the rate of interest thereon, or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each Bond so affected, or (2) create a lien upon, or a pledge of, the Gross Revenues ranking prior to or on a parity with the lien or pledge created by the Indenture, or reduce the aforesaid percentage of owners of Bonds required to approve any such Supplemental Indenture, without the consent of the owners of all Bonds then Outstanding. Upon receipt by the Trustee of a certified copy of a resolution authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of Bondholders, the Trustee will join with the Authority in the execution of such Supplemental Indenture unless such Supplemental Indenture affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obliged to, enter into such Supplemental Indenture.

It will not be necessary for the consent of the Bondholders under this subsection to approve the particular form of any proposed Supplemental Indenture, but it will be sufficient if such consent will approve the substance thereof.

Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to the provisions described in this subsection, the Authority will mail to all registered owners of Outstanding Bonds a notice, setting forth in general terms the substance of such Supplemental Indenture. Any failure of the Authority to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Defeasance

Bonds may be paid by the Authority in any of the following ways; provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

- (a) by paying or causing to be paid the principal, premium, if any, and interest on Bonds Outstanding, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Indenture, is invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Bonds when due pursuant to optional redemption as the Authority instructs at the time of said deposit; or
- (c) by delivering to the Trustee, for cancellation by it, Bonds Outstanding.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption will have been given as provided in the Indenture (or provision for such notice satisfactory to the Trustee will have been made) then all liability of the Authority in respect of such Bond will cease, terminate and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the Authority, and the Authority will remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, provided further, however, that the provisions relating to payment of Bonds after discharge of the Indenture will apply in all events.

PARKING FACILITY AGREEMENT

Payment of Surplus Special Tax Revenues

So long as the Bonds (or any bonds issued to refund the Bonds) are outstanding, the Agency will pay the Surplus Special Tax Revenues (as defined in the Indenture) to the Authority in accordance with the requirements and terms of the Indenture (and, during the time the 2007 CFD Bonds are outstanding, the CFD No. 2001-1 Indenture during the time that bonds are outstanding thereunder) for deposit by the Authority into the Revenue Fund pursuant to the Indenture. The obligation of the Agency to pay Surplus Special Tax Revenues described in this section will be subordinate in all respects to the use of the proceeds of the Special Tax for payment of debt service on the 2007 CFD Bonds. So long as this provision remains in force, the Agency will not issue any additional bonds secured by a pledge of the Special Tax for the purpose of financing additional public facilities. Without further consent of the Authority, the Agency may issue or cause the CFD to issue from time to time bonds to refund outstanding bonds of the CFD so long as the issuance of such refunding bonds results in a reduction in the annual debt service payable from the proceeds of the Special Tax in each year. The Agency covenants that, after payment in full of any special tax bonds of the CFD, it will continue to levy (or cause such levy to be continued) in the CFD as necessary to meet its obligations under the Parking Facility Agreement and the Indenture. The Agency will not take any action not required of it under the documents governing bonds issued by the Original Agency (or refunding bonds thereof), if such action will cause

The obligation to pay the Surplus Special Taxes Revenues to the Authority is a limited obligation of the Agency payable solely from collections of the Special Taxes of the CFD, as further described below.

The Agency, as the legislative body of the CFD, covenants to take all actions permitted by law that are necessary or desirable to levy or cause the levy of the Special Taxes at the maximum rate permitted by the Rate and Method of Apportionment for the CFD during each Fiscal Year in order to satisfy all of the requirements of the Indenture (and, during the time the 2007 CFD Bonds are outstanding, the CFD No. 2001-1 Indenture) and to collect and pay Surplus Special Tax Revenues to the Authority to allow the Agency to make the deposit of Surplus Special Tax Revenues pursuant to the Parking Facility Agreement.

The Agency covenants that, until the obligations of the Agency hereunder are satisfied and notwithstanding any future payment in full of the 2007 CFD Bonds, to foreclose the lien of the Special Taxes as follows: (i) the Agency will commence judicial foreclosure proceedings against all parcels owned by a property owner where the aggregate delinquent Special Taxes on such parcels is greater than \$1,000 by the December 1 following the close of each Fiscal Year in which such Special Taxes were due, and (ii) the Agency will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 90% of the total Special Taxes levied for such Fiscal Year, and (iii) will diligently pursue such foreclosure proceedings in accordance with the provisions of the Act and applicable law until the delinquent Special Taxes are paid. It is understood that any cost incurred by the Agency to satisfy the foregoing covenant will be costs of the CFD and, therefore, will be paid from funds available to the CFD, and not any other funds of the Agency. In the event that Agency is to be dissolved by operation of law prior to payment in full of the Bonds and such dissolution will have an adverse effect upon the continued payment of Surplus Special Tax Revenues, prior to such dissolution occurring the Agency will use its best efforts to take such

action as is necessary to assure the continued payment of Surplus Special Tax Revenues to the Authority for so long as the Bonds or any bonds issued to refund the Bonds are outstanding.

Operation of the Project

The Authority will take all necessary and appropriate actions to operate the Project, or to cause the Project to be operated, in the manner required by the Indenture. In such respect, the Authority agrees to fully comply with all the requirements of the Indenture with respect to the operation and maintenance of the Project.

Limited Obligation

Notwithstanding any other provision of the Parking Facility Agreement, the City, the Authority and the Agency will not be required to advance any moneys derived from the proceeds of taxes for the use and benefit of the Authority, the City or the Agency or from any source of income of the Authority, the City or the Agency other than the Gross Revenues, for any of the purposes mentioned in the Parking Facility Agreement, whether for the payment of the principal of or interest on the Bonds or for the planning, design, construction, improvement, acquisition, maintenance or operation of the Project.

Amendments

The Parking Facility Agreement may be amended at any time by the Agency and the Authority, but only upon the filing of a Certificate of the Authority with the Trustee to the effect that such amendment will not materially adversely affect the Bondholders.

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APPENDIX B

THE CITY OF SOUTH LAKE TAHOE

General and Location

City of South Lake Tahoe. The City of South Lake Tahoe (the “**City**”) is part of a broader South Shore community that includes California's El Dorado County in the Tahoe Basin and Nevada's Douglas County at Stateline/Zephyr Cove, in the Sierra Nevada Mountains. The population was 21,498 as of January 1, 2013. The City is located on the South Shore of America's largest alpine lake. As the only incorporated community in the Lake Tahoe Basin, the City takes great pride in being a central hub of one of the country's most popular tourism destinations. The east end of the City, on the California-Nevada state line, is mainly geared towards tourism, with shops, restaurants, hotels, and the Heavenly Ski Resort, with the Nevada casinos just across the state line in Stateline, Nevada. The City extends about five miles west-southwest along U.S. Route 50, also known as Lake Tahoe Blvd. The western end of town is mainly residential, and clusters around "The Y," the X-shaped intersection of US 50, State Route 89, and Lake Tahoe Boulevard after it loses its state highway designation.

Lake Tahoe is a major tourist attraction in both Nevada and California. It is home to a number of ski resorts, summer outdoor recreation, and tourist attractions. Snow and skiing are a significant part of the area's economy and reputation, including Heavenly Valley abutting the City. Mountain and lake scenery are attractions throughout the year. The Nevada side also includes large casinos. Highways provide year-round access from Reno, Carson City, and Sacramento.

According to the United States Census Bureau, the city has a total area of 16.5 square miles (42.7 km²), of which, 10.1 square miles (26.1 km²) of it is land and 6.4 square miles (16.7 km²) of it (39.03%) is water. Elevation is 6,260 ft.

South Lake Tahoe is part of the Sacramento–Arden-Arcade–Roseville Metropolitan Statistical Area.

County of El Dorado. The County of El Dorado (the “**County**”) was incorporated as a general law county in 1850, with the City of Placerville as the county seat. In 1994 County voters adopted a county charter by majority vote under Article XI, Section 4 of the California Constitution, and the County has been organized and operating as a charter county since that time. The legislative body is a five-member Board of Supervisors, each supervisor being elected by voters within his or her supervisorial district. Because much of the County is comprised of unincorporated areas, the County provides a wide range of services through its departments and by special districts for these areas.

The County is comprised of 1,711 square miles encompassing a portion of Lake Tahoe on the east and reaching to the west within 25 miles of Sacramento, California, the State capitol. More than half of the land in the County is owned by the federal, state or local governments. 150 miles west of the County is San Francisco, while 400 miles south is Los Angeles. Placerville is located 44 miles east of Sacramento. The City of Lake Tahoe, sixty miles east of Placerville, is the hub of the Tahoe recreation area.

Population

The historic population estimates for the City, the County and the State of California as of January 1 of the years 2009 through 2013 are listed below.

City of South Lake Tahoe, County of El Dorado and State of California Population Estimates

Calendar Year	City of South Lake Tahoe	El Dorado County	State of California
2009	21,517	179,150	36,966,713
2010	21,407	180,682	37,223,900
2011	21,328	180,483	37,668,946
2012	21,460	181,711	37,668,804
2013	21,498	182,286	37,996,471

Source: California State Department of Finance

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2008 through 2012.

EL DORADO COUNTY
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	City of South Lake Tahoe	\$435,045	\$36,117
	El Dorado County	4,761,578	53,526
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of South Lake Tahoe	\$441,938	\$37,029
	El Dorado County	4,857,363	55,873
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of South Lake Tahoe	\$411,485	\$34,705
	El Dorado County	4,642,448	52,782
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of South Lake Tahoe	\$385,058	\$34,487
	El Dorado County	4,914,270	52,902
	California	814,578,458	47,062
	United States	6,438,704,663	41,253
2012	City of South Lake Tahoe	\$439,392,500	\$36,923
	El Dorado County	5,207,083	54,870
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

Source: *The Neilson Company Inc.*

Taxable Transactions

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

A summary of historic taxable sales within El Dorado County during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2012 in El Dorado County were reported to be \$389,711,000, a 5.54% increase over the total taxable sales of \$369,259,000 reported during the first quarter of calendar year 2011. Annual figures are not yet available for 2012.

EL DORADO COUNTY Taxable Transactions Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	2,507	1,303,337	6,122	1,896,995
2008	2,778	1,230,164	6,132	1,787,804
2009 ⁽¹⁾	3,831	1,073,469	5,592	1,527,935
2010 ⁽¹⁾	3,928	1,119,482	5,702	1,561,471
2011 ⁽¹⁾	3,849	1,189,421	5,589	1,651,689

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: California State Board of Equalization, Taxable Sales in California.

A summary of historic taxable sales within the City of South Lake Tahoe during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2012 in the City of South Lake Tahoe were reported to be \$66,913,000, a 3.66% decrease over the total taxable sales of \$69,454,000 reported during the first quarter of calendar year 2011. Annual figures are not yet available for 2012.

CITY OF SOUTH LAKE TAHOE Taxable Transactions Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	486	296,970	874	354,514
2008	497	287,306	860	339,826
2009 ⁽¹⁾	533	237,130	796	284,840
2010 ⁽¹⁾	532	241,967	799	291,073
2011 ⁽¹⁾	547	254,564	796	305,864

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: California State Board of Equalization, Taxable Sales in California.

Employment and Industry

The following chart presents the major employers in the County as of January 1, 2013. The City is located next to the California-Nevada state line. Many residents of the City are employed by Nevada employers, which are not shown in the following table.

EL DORADO COUNTY Major Employers January 2013

Employer Name	Location	Industry
Barton Memorial Hospital	South Lake Tahoe	Hospitals
CEMEX	El Dorado Hills	Sand & Gravel (Whls)
Child Development Programs	Placerville	Child Care Service
DST Output	El Dorado Hills	Direct Mail Services
El Dorado County Transportation	Placerville	Car Service
El Dorado County Human Svc	Placerville	County Government-Social/Human Resources
El Dorado County Sheriff	Placerville	Sheriff
El Dorado Irrigation District	Placerville	Water & Sewage Companies-Utility
Embassy Suites-S Lake Tahoe	South Lake Tahoe	Hotels & Motels
Lake View Lodge	South Lake Tahoe	Resorts
Lake Tahoe Community College	South Lake Tahoe	Schools-Universities & Colleges Academic
Marriott	El Dorado Hills	Hotels & Motels
Marriott-Grand Residence Tahoe	South Lake Tahoe	Hotels & Motels
Marriott-Timber Lodge	South Lake Tahoe	Hotels & Motels
McClone Construction Co	Cameron Park	General Contractors
More	Placerville	Rehabilitation Services
Mother Lode Bail Bonds	Placerville	Bonds-Bail
Raley's	El Dorado Hills	Grocers-Retail
Safeway	South Lake Tahoe	Grocers-Retail
Serrano Country Club	El Dorado Hills	Golf Courses
Sierra At Tahoe Resort	Twin Bridges	Skiing Centers & Resorts
Sierra Pacific Industries	Camino	Lumber-Manufacturers
South Lake Tahoe City	South Lake Tahoe	City Government-Executive Offices
Spare Time Inc.	El Dorado Hills	Health Clubs Studios & Gymnasiums
Walmart	Placerville	Department Stores

Source: State of California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2013 2nd Edition.

El Dorado County is included in the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (the “MSA”). The unemployment rate in the Sacramento-Arden Arcade-Roseville MSA was 8.9% in July 2013, up from a revised 8.4% in June 2013, and below the year-ago estimate of 10.9%. This compares with an unadjusted unemployment rate of 9.3% for California and 7.7 percent for the nation during the same period. The unemployment rate was 8.4% in El Dorado County, 7.8% in Placer County, 9.2% in Sacramento County, and 8.7% in Yolo County.

The table below lists employment by industry group for the MSA for the years 2008 through 2012.

SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA
El Dorado, Placer, Sacramento, Yolo Counties
Employment by Industry
Annual Averages

	2008	2009	2010	2011	2012
Civilian Labor Force ⁽¹⁾	1,046,800	1,051,500	1,048,900	1,039,400	1,048,000
Employment	973,000	934,800	918,000	916,200	938,700
Unemployment	73,800	116,600	130,900	123,200	109,300
Unemployment Rate	7.0%	11.1%	12.5%	11.9%	10.4%
Wage and Salary Employment ⁽²⁾					
Agriculture	8,200	8,300	8,100	8,300	8,600
Mining and Logging	700	400	400	400	400
Construction	56,200	43,500	38,400	36,200	37,300
Manufacturing	38,700	34,400	32,800	32,800	33,900
Wholesale Trade	26,500	24,100	22,800	23,000	25,300
Retail Trade	95,100	87,600	88,000	88,900	91,600
Transportation, Warehousing and Utilities	25,100	23,200	21,700	20,900	21,900
Information	19,200	18,300	17,200	16,700	15,300
Finance and Insurance	43,100	40,200	36,100	34,800	47,600
Real Estate and Rental and Leasing	14,100	12,700	12,200	11,800	12,300
Professional and Business Services	110,100	101,100	102,200	101,400	110,600
Educational and Health Services	99,700	99,800	99,400	102,700	105,500
Leisure and Hospitality	85,900	81,900	80,200	79,800	83,300
Other Services	29,600	28,800	28,100	28,000	28,200
Federal Government	12,500	13,300	14,600	13,900	13,700
State Government	111,400	111,900	110,900	109,500	108,100
Local Government	114,300	110,200	104,700	101,200	99,500
Total, All Industries ⁽³⁾	890,200	839,800	817,900	810,300	831,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Construction Trends

Provided below are the building permits and valuations for the City of South Lake Tahoe and El Dorado County for calendar years 2007 through 2012.

**CITY OF SOUTH LAKE TAHOE
Building Permit Valuation
(Valuation in Thousands of Dollars)**

	2008	2009	2010	2011	2012
Permit Valuation					
New Single-family	\$6050.4	\$5,965.9	\$2,577.2	\$ 907.3	\$3,037.1
New Multi-family	262.2	0.0	1,306.3	2,584.3	0.0
Res. Alterations/Additions	<u>4,090.6</u>	<u>5,727.4</u>	<u>2,412.3</u>	<u>6,238.7</u>	<u>\$2,803.2</u>
Total Residential	\$10,403.2	\$11,693.3	\$6,295.8	\$9,730.3	5,840.3
New Commercial	\$3,362.6	\$0.0	\$0.0	\$ 650.0	\$99.4
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	931.8	660.9	323.2	0.0	0.0
Com. Alterations/Additions	<u>2,039.3</u>	<u>4,730.4</u>	<u>1,417.4</u>	<u>30,742.2</u>	<u>3,203.0</u>
Total Nonresidential	\$6,333.8	\$5,391.3	\$1,740.7	\$31,392.2	\$3,302.4
New Dwelling Units					
Single Family	27	23	12	12	13
Multiple Family	<u>2</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>
TOTAL	29	23	17	12	13

Source: Construction Industry Research Board, Building Permit Summary.

**EL DORADO COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)**

	2008	2009	2010	2011	2012
Permit Valuation					
New Single-family	\$122,587.6	\$50,041.4	\$40,884.0	\$54,694.8	\$51,963.9
New Multi-family	15,519.0	358.1	1,306.3	0.0	33,132.7
Res. Alterations/Additions	<u>41,035.2</u>	<u>26,611.4</u>	<u>21,741.4</u>	<u>41,433.9</u>	<u>49,227.5</u>
Total Residential	\$179,141.8	\$77,010.9	\$63,931.7	\$92,637.0	\$134,324.1
New Commercial	\$21,500.3	\$10,896.6	\$4,355.1	\$11,636.0	\$10,431.3
New Industrial	0.0	0.0	0.0	0.0	28.7
New Other	28,666.3	24,827.2	14,997.7	1,320.5	270.2
Com. Alterations/Additions	<u>13,261.3</u>	<u>15,377.1</u>	<u>11,810.0</u>	<u>47,718.4</u>	<u>9,653.6</u>
Total Nonresidential	\$63,427.9	\$51,100.9	\$31,162.8	\$60,674.9	\$20,383.8
New Dwelling Units					
Single Family	379	160	110	137	123
Multiple Family	<u>142</u>	<u>2</u>	<u>5</u>	<u>0</u>	<u>115</u>
TOTAL	521	162	115	137	238

Source: Construction Industry Research Board, Building Permit Summary.

Tourism

Tourism has long been a major component of the County's economy. Lake Tahoe on the County's eastern edge is a world-class destination attraction with a varied offering of both winter and summer sports. Marshall State Park Gold Discovery Site, Folsom Lake, Apple Hill (a ranch marketing area) and other attractions in the western part of the County provide another range of diversity to visitors. Much of the central part of the County lies in the El Dorado and Tahoe National Forests which provide hiking, camping, fishing, hunting and other outdoor recreation.

Transportation

Two major highways (U.S. 50 and U.S. 49) intersect the County while Interstate 5 and Interstate 80 are within 45 minutes of the City of Placerville. Commercial air service is provided to the western portion of the County by the Sacramento Metropolitan Airport, 50 miles west of the City of Placerville. More than 200 trucking firms serve the County area, with interstate, local and special hauling. The County is also served by Greyhound Bus Lines.

APPENDIX C

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the 2009 Bonds, payment of principal, interest and other payments on the 2009 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2009 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

*Neither the issuer of the Bonds (the “**Issuer**”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “**Agent**”) take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “**Bonds**”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$7,735,000

SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY PARKING REVENUE REFUNDING BONDS, SERIES 2013

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the South Tahoe Joint Powers Parking Financing Authority (the "Authority") in connection with the execution and delivery of the bonds captioned above (the "Bonds"). The Bonds are being executed and delivered pursuant to an Indenture, dated as of November 1, 2013 (the "Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee.

The Authority covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms will have the following meanings:

"*Annual Report*" means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months after the end of the Authority's fiscal year (currently June 30 based on the Authority's fiscal year end of September 30).

"*Dissemination Agent*" means Fraser & Associates, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the Authority in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Authority will, or will cause the Dissemination Agent to, not later than the Annual Report Date, commencing June 30, 2014, with the report for the 2012-13 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Authority will provide the Annual Report to the Dissemination Agent (if other than the Authority). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent will contact the Authority to determine if the Authority is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Authority’s fiscal year changes, it will give notice of such change in the same manner as for a Listed Event under Section 5(c). The Authority will provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder.

(b) If the Authority does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Authority will provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent will:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Authority’s Annual Report will contain or incorporate by reference the following:

(a) The Authority’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority’s audited financial statements are not available by the Annual Report Date, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the

final Official Statement, and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Authority for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

- (1) Principal amount of Bonds outstanding.
- (2) Balance in the Revenue Fund, and any subaccount therein.
- (3) Balance in the Bond Interest Account, and any subaccount therein.
- (4) Balance in the Bond Principal Account, and any subaccount therein.
- (5) Balance in the Bond Reserve Account.
- (6) Balance in the Supplemental Reserve Account.
- (7) Balance in the Bond Redemption Fund, and any subaccount therein.
- (8) Balance in the Surplus Revenue Account.

(9) Annual operating budget of the Parking Garage for the current fiscal year. Such budget shall describe for the Fiscal Year the anticipated receipts of Gross Revenues, costs and expenses for the Parking Garage and such other matters as the Authority shall deem necessary or appropriate, and shall include all anticipated Gross Revenues, Maintenance and Operation Expenses, Annual Debt Service payments, the Renewal and Replacement Requirement and the Renewal and Replacement Annual Contribution for such Fiscal Year. Such budget shall include a comparison of actual operating results to the budget for the prior year. .

(10) To the extent not otherwise provided pursuant to the preceding items, annual information required to be filed by the Authority with the California Debt and Investment Advisory Commission pursuant to the California Government Code.

(11) A calculation showing whether the Coverage Test has been satisfied during the fiscal year.

(12) With respect to the District,

(i) Total assessed value of all parcels subject to the Special Taxes and the current fiscal year's assessed value for the District.

(ii) Special Tax and property tax delinquency rate for parcels in the District for the most recent fiscal year.

(iii) Total number of parcels delinquent in payment of Special Tax, amount of total delinquency and as a percentage of total Special Tax levy, and status of the District's actions on covenants to pursue foreclosure proceedings upon delinquent properties.

(iv) As to any parcel for which the annual Special Tax levy represents more than 10% of the aggregate Special Tax levy within the District: names of the owners of each such parcel as shown On the Assessor's Roll or County delinquency report received by the District, whichever is more current, percentage of the Special tax levy allocated to each such parcel, Developed Property or Undeveloped Property status (as such terms are defined in the Rate and Method) of each such parcel, assessed value of applicable properties, and summary of results of foreclosure sales, if available.

The requirement of this subparagraph (12) may be met by filing a copy of the Annual Report required by the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Special Tax Refunding Bonds, Series 2007 (Heavenly Village) Continuing Disclosure Agreement dated February 13, 2007.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Authority will provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Authority will clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Authority will give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.

- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Authority or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or an obligated person, or the sale of all or substantially all of the assets of the Authority or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority will, or will cause the Dissemination Agent (if not the Authority) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Authority acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Authority will cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Authority obtains knowledge of the occurrence of any of these Listed Events, the Authority will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Authority will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate will be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority will give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be Fraser & Associates. Any Dissemination Agent may resign by providing 30 days' written notice to the Authority.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison will include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Authority to meet its obligations. To the extent reasonably feasible, the comparison will be quantitative.

A notice of any amendment made pursuant to this Section 9 will be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate will be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority will have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Authority fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate will not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate will be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent will have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the Authority hereunder, and will not be deemed to be acting in any fiduciary capacity for the Authority, the Bond holders or any other party. The obligations of the Authority under this Section will survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent will be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and will be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate will inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and will create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which will be regarded as an original, and all of which will constitute one and the same instrument.

Date: November 26, 2013

South Tahoe Joint Powers Parking
Financing Authority

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:
Fraser & Associates,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: South Tahoe Joint Powers Parking Financing Authority
Name of Issue: South Tahoe Joint Powers Parking Financing Authority Parking Revenue Refunding Bonds, Series 2013
Date of Issuance: November 26, 2013

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture, dated as of November 1, 2013, between the Authority and _____, as trustee. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

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APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

November 26, 2013

South Tahoe Joint Powers Parking Financing Authority
1901 Airport Road
South Lake Tahoe, CA 96150

OPINION: \$7,735,000 South Tahoe Joint Powers Parking Financing Authority Parking Revenue Refunding Bonds, Series 2013

To the Authority:

We have acted as bond counsel to the South Tahoe Joint Powers Parking Financing Authority (the "Authority") in connection with the issuance by the Authority of \$7,735,000 aggregate principal amount of its Parking Revenue Refunding Bonds, Series 2013 (the "Bonds"), pursuant to the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and pursuant to an Indenture dated as of November 1, 2013 (the "Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and Resolution No. 2013-3 adopted by the Board of Directors of the Authority on October 1, 2013 (the "Resolution"). The Bonds are payable solely from revenues (the "Gross Revenues") consisting primarily of net income of a parking garage in the City of South Lake Tahoe, California (the "City") and Surplus Special Tax Revenues of a community facilities district located in the City, all as described in the Indenture. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. Unless otherwise defined herein, all capitalized terms defined herein will have the meanings set forth in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Authority is a joint exercise of powers agency duly organized and validly existing under the laws of the State of California, with the full power to enter into the Indenture and the Parking Facility Agreement, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Indenture and the Parking Facility Agreement have been duly approved by the Authority and each constitutes a valid and binding obligation of the Authority enforceable

against the Authority in accordance with its respective terms. The Parking Facility Agreement has been duly approved by the South Tahoe Redevelopment Successor Agency, a public entity duly organized and validly existing under the laws of the State of California (the "Agency"), as successor to the South Tahoe Redevelopment Agency, and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its respective terms. The Indenture creates a valid first and exclusive lien on and pledge of the Gross Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

3. The Bonds have been duly authorized, executed and delivered by the Authority, and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Indenture.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentences are subject to the condition that the Authority comply with all requirements of the Tax Code which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority has covenanted in the documents relating to the Bonds to comply with each of such requirements; and the Authority has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Parking Facility Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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SOUTH TAHOE REDEVELOPMENT AGENCY
COMMUNITY FACILITIES DISTRICT No. 2001-1
(PARK AVENUE PROJECT)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

This Rate and Method of Apportionment of Special Tax has been prepared for Community Facilities District No. 2001-01 (the "District") established by the South Tahoe Redevelopment Agency. The District will issue bonds and annually levy a Special Tax to pay bond debt service, finance certain public facilities within the boundaries of the District and to pay certain incidental expenses.

I. Definitions

The terms hereinafter used have the following meanings:

"Acre" means 43,560 square feet of land area of an Assessor Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area as shown on the applicable final map, parcel map, condominium map, or other map or plan recorded with the County.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Annual Special Tax and preparing the Annual Special Tax collection schedules (whether by the Agency or designee thereof or both); the costs of collecting the Annual Special Tax (whether by the Agency or otherwise); the costs of remitting the Annual Special Tax to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture; the costs to the Agency, District or any designee thereof of complying with Agency and District or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Tax; the costs of the Agency and District or any designee thereof related to an appeal of the Annual Special Tax; and the costs associated with the Agency's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the Agency for any other administrative purposes of the District, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Annual Special Taxes.

"Agency" means the South Tahoe Redevelopment Agency and the South Tahoe Joint Powers Financing Authority.

"Agency Board" means the governing body of the South Tahoe Redevelopment Agency.

"Agency Debt Service" means maximum annual debt service on any proposed (calculated at the Bond Buyer Revenue Bond Index plus 150 basis points over a 30 year maturity) or actual refinancing of the Agency's Subordinate Bond Anticipation Notes 1999 Series A.

"Agency Revenues" means Net Tax Increment Revenues plus TOT Revenues generated from the Park Avenue Project.

"All Phases" means the completed Marriott Ownership Resort after all of the approximately 265 physical units have been constructed.

"Annual Costs" means that amount required in any Tax Year for the District to: (i) pay debt service on all Bonds; (ii) pay periodic costs on the Bonds including but not limited to, credit enhancement, and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for the Bonds; (v) pay for reasonably anticipated Special Tax delinquencies based on the delinquency rate for such Special Taxes levied in the previous Tax Year; (vi) transfer one hundred ninety thousand dollars (\$190,000) in collected Special Taxes to the South Tahoe Joint Powers Parking Financing Authority pursuant to the Parking Facilities Agreement dated June 1, 2002; and (vii) deposit and accumulate in a fund Annual Special Taxes to pay for all or a part of any of the facilities shown on Attachment 1.

"Annual Special Tax" means the amount of special tax levied annually by the District on each Assessor Parcel, or fraction thereof, of Taxable Property within the District to pay for the Annual Costs.

"Annual Special Tax Revenues" means the revenues that are generated on an annual basis from the levy of the Special Tax.

"Assessor Parcel" or "Parcel" means a lot or parcel assigned with an Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the assessor of El Dorado County designating parcels by Assessor Parcel number.

"Backup Special Tax" means a Special Tax that will be levied if any of the Land Use Categories change in the future, as more fully described in Section III, subsection D.

"Bonds" means the bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by the Agency for the District under the Act.

"Bond Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"City" means the City of South Lake Tahoe.

"Coverage Factor" means the percentage calculated by dividing the numerator which is the amount by which Agency Revenues exceeds Agency Debt Service and denominator which is the total amount of Agency Revenues.

"Commercial" includes uses defined by the Tahoe Regional Planning Association as Commercial Floor Area and also all other square footage used for commercial purposes.

"Developed Property" is property for which a Certificate of Completion has been issued pursuant to the DDA.

"DDA" means the Master Disposition and Development Agreement (as amended) among the Agency, the City and American Skiing Company Resort Properties, Inc.; Heavenly Resort Properties, LLC; Heavenly Valley LP; Trans-Sierra Investments; Cecil's LLC; and Marriott Ownership Resorts, Inc. (collectively referred to as the Developers).

"District Map" means the map that is attached as Exhibit 1 to this Rate and Method.

"Fiscal Year" means the Agency's fiscal year.

"Grand Summit Resort" means the Ownership Unit development to be constructed by Heavenly Resort Properties (or such other substitute development entity as allowable under the DDA) within Zone A as shown on the District Map.

"Land Use Category" means any of the land uses shown in Section III below, including Ownership Units, the gondola and commercial uses.

"Imposition Date" means June 1, 2005, which is the fourth anniversary of the first day of the month following the month in which actual construction of improvements on the Grand Summit Resort and the Marriott Ownership Resort commenced.

"Marriott Ownership Resort" means the Ownership Unit development to be constructed by Marriott Ownership Resorts (or such other substitute development entity as allowable under the DDA) within Zone B as shown on the District Map.

"Maximum Annual Debt Service" has the meaning contained in the Bond Indenture for those Bonds.

"Maximum Special Tax" means the maximum Special Tax determined per Section III that can be levied in any Tax Year on an Assessor Parcel.

"Minimum Coverage Factor" means .25 (25%).

"Net Tax Increment Revenues" means all tax increment revenues allocated to the Agency from the Park Avenue Project pursuant to Section 33670 of the Community Redevelopment Law less the Agency's required deposit to the Low and Moderate Income Housing Fund and less the pro-rated amount of property tax administrative fees attributable to the Park Avenue Project that are retained by El Dorado County. In calculating Net Tax Increment Revenues, the Agency may use estimated tax increment for 2006-07 based upon the assessed valuation of taxable property for the Park Avenue Project shown on the 2006-07 El Dorado County assessment roll.

"Ownership Unit" means an undivided 1/52nd ownership interest in a residential condominium unit.

"Park Avenue Project" means the 17 acre site bounded by the Embassy Suites Hotel to the north, Van Sickle Road to the east, Park Avenue to the south, and Highway 50 to the west.

"Phase 1 " means the first phase of the Marriott Ownership Resort after approximately 145 physical units have been constructed.

"Phase 1 and 2" means the first and second phase of the Marriott Ownership Resort after approximately 193 physical units have been constructed.

"Pre-Annexation" means the period of time prior to the annexation of Zone B to the District.

"Post-Annexation" means the period of time after the annexation of Zone B to the District.

"Sold Ownership Unit" means a legally transferable interest in an Ownership Unit that (a) has been transferred at least once by the original Developer thereof to an owner other than such original Developer and (b) includes the right to occupy such Unit for a particular period of time on a periodic basis. Once a legally transferable interest in an Ownership Unit becomes a Sold Ownership Unit, the subsequent acquisition of such interest by a Developer shall not cause such legally transferable interest to lose its status as a Sold Ownership Units. After the Imposition Date, all remaining unsold Ownership Units will be considered Sold Ownership Units for purposes of the levy of the Special Tax.

"Special Tax or Special Taxes" means a Special Tax levied in any Tax Year to pay the Annual Cost.

"Taxable Property" means all of the Assessor Parcels within the boundaries of the District which are not exempt pursuant to the provisions of Section IV below.

"Tax Exempt Property" means any Assessor Parcel within the boundaries of the District that is used for rights of way or any other purpose and is owned by or dedicated to the federal government, the State of California, El Dorado County, the City, the Agency or any other public agency, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 55340.1 of the Act shall be taxed and classified in accordance with its use.

"Tax Year" means the period starting July 1 and ending on the following June 30.

"TOT Revenues" means the actual transient occupancy tax revenues collected for Fiscal Year 2005-06 from the Park Avenue Project pursuant to Ordinance No. 868 adopted by the Agency on October 17, 1995.

"Trustee" means the trustee or fiscal agent under the Bond Indenture.

"Undeveloped Property" means all Assessor Parcels in the District which are not classified as Developed Property.

"Zone A" means all of the property designated as such on the District Map.

"Zone B" means all of the property designated as such on the District Map.

"Zone C" means all of the property designated as such on the District Map.

II. District Boundaries and Future Annexations

The District will initially include the properties shown on the District Map as Zone A, which includes the Grand Summit Resort; the gondola; commercial development; and the properties shown on the District Map as Zone B, including the Marriott Ownership Resort and commercial development. Future annexations to the District may include the properties shown on the District Map as Zone C, the Crescent V Shopping Center.

III. Maximum Special Tax Rates

The Maximum Special Tax for each Assessor Parcel shall be the sum of 1) the Non Contingent Special Tax; plus 2) the Contingent Special Tax; plus 3) the Revenue

Neutrality Special Tax, plus 4) the Backup Special Tax, all as calculated per Subsections A through D below.

The Annual Special Tax Revenues collected each Tax Year by the District shall be used to pay for the Annual Costs of the District. It is expected that the Special Tax shall be levied at its maximum each year. The District may elect to levy less than the maximum tax pursuant to Subsection F below.

All Assessor Parcels shall be assigned to one of the Land Use Categories described in Subsection A, B, and C. Additionally, all Assessor Parcels shall be classified as Developed Property, Undeveloped Property, or Tax Exempt Property.

A. Non Contingent Special Tax

The table below shows the Non Contingent Special Tax. the Non Contingent Special Tax shall be levied on Developed Property commencing with the 2002-03 Tax Year.

Land Use Category	Special Tax Rate	Basis
Zone A Ownership Unit	\$35.56 pre Imposition Date * \$17.78 Post Imposition Date *	Per Sold Ownership Unit
Zone B Ownership Unit Phase 1 Phase 1 and 2 All Phases	\$14.32 pre Imposition Date \$24.39 post Imposition Date * \$18.33 post Imposition Date * \$14.32 post Imposition Date *	Per Sold Ownership Unit
Gondola	\$121,440	Per Parcel
Zone A Commercial	\$1.12 Pre-Annexation \$0.64 Post Annexation	Per Square Foot of gross leasable area
Zone B Commercial	\$0.64 Post Annexation	Per Square Foot of gross leasable area
Zone B Commercial	\$0.19	Per Square Foot of gross leasable area
Undeveloped Property	\$0	N/A
Skating Rink	\$0	N/A

*The Imposition Date shown above is based on the Imposition Date as measured for the Marriott Ownership Resort. The Special Tax Rate for Zone B Ownership Units (post Imposition Date) is based on the number of phases that are completed. The Special Tax Rate for Zone A Ownership Units can only decline after the Imposition Date.

Prior to reaching the Imposition Date for Zone B Ownership Units, the Non Contingent Special Tax Rate for Zone A Ownership Units shall be reduced annually based on the following formula:

1. Determine the Annual Special Tax Revenues generated from Zone B Sold Ownership Units by multiplying the number of Zone B Sold Ownership Units times the Zone B Ownership Unit Special Tax Rate

2. Determine the reduction for Zone A Ownership Units by dividing the Annual Special Tax Revenues from (1) by the total number of Zone A Ownership, Units.

3. Reduce the Zone A Ownership Unit Special Tax Rate of \$35.56 by the amount of the per unit reduction determined per (2).

Attachment 2 provides a sample calculation for reducing Non Contingent Special Taxes for Zone A Ownership Units.

B. Contingent Special Tax

The Contingent Special Tax shall only be triggered if the Coverage Factor is less than the Minimum Coverage Factor. If this occurs, the Contingent Special Tax shall be levied beginning with the 2006-07 Tax Year.

The Contingent Special Tax shall be levied on Developed Property. The table below shows the Contingent Special Tax.

Land Use Category	Special Tax Rate	Basis
Zone A Ownership Unit	\$8.20	Per Sold Ownership Unit
Gondola	\$14,349	Per Parcel
Zone A Commercial	\$0.14 Pre-Annexation \$0.03 Post Annexation	Per Square Foot of gross leasable area
Zone B Commercial	\$0.03 Post Annexation	Per Square Foot of gross leasable area
Zone B Commercial	\$0.07	Per Square Foot of gross leasable area
Undeveloped Property	\$0	N/A
Skating Rink	\$0	N/A

C. Revenue Neutrality Special Tax

The Revenue Neutrality Special Tax shall be levied on Developed Property commencing with the 2002-03 Tax Year. The table below shows the Revenue Neutrality Special Tax.

Land Use Category	Special Tax Rate	Basis
Zone A Ownership Unit	\$3.91	Per Sold Ownership Unit
Zone B Ownership Unit	\$17.90	Per Sold Ownership Unit
Gondola	\$27,000	Per Parcel
Zone A Commercial	\$0.19	Per Square Foot of gross leasable area
Zone B Commercial	\$0.19	Per Square Foot of gross leasable area

D. Backup Special Tax

Should any of the Land Use Categories change from those described in Subsections A, B or C, a Backup Special Tax shall be levied on each Assessor Parcel of Developed Property on a per Acre basis regardless of the new land use. The amount of the Backup Special Tax shall be in the amount shown below for each Acre of changed land use. Fractions of Acres shall be taxed at a proportionate amount.

Former Land Use Category	Special Tax Rate
Zone A Ownership Unit	\$87,238
Zone B Ownership Unit	\$127,656
Gondola	\$134,536
Commercial:	
Zone A - Grand Summit Resort	\$16,778
Zone A - other	\$ 59,466
Zone B - within Marriott	\$2,660
Zone B - other	\$71,346
Zone C	\$2,820

E. Multiple Land Uses

In some Instances, an Assessor Parcel of Developed Property may contain more than one land use. The Maximum Special Tax that can be levied on an Assessor Parcel shall be the sum of Maximum Special Taxes that can be levied for all land uses located on that Assessor Parcel.

F. Offsets to Maximum Special Tax

The Maximum Special Tax can be reduced in any Tax Year as follows:

- 1) Pursuant to the provisions of the Bond Indenture; and/or
- 2) If the Annual Special Tax Revenues generated from the application of the Maximum Special Tax exceeds the Annual Costs of the District, and the Annual Costs exceed Maximum Annual Debt Service by 10 percent, the Agency Board, at its sole discretion, may reduce the Maximum Special Tax Rates in any Tax Year. The following formula shall be used:
 - (a) Determine the amount by which the Annual Special Tax Revenues derived from the application of the Maximum Special Tax exceeds the Annual Costs for the Tax Year.
 - (b) Calculate a percentage by dividing the amount derived from (a) by the total amount of the Annual Special Tax Revenues.

- (c) Reduce the Maximum Special Tax Rates for the Tax Year by the percentage derived from (b) above.

IV. Exemptions

The Special Tax shall not be levied against Tax-Exempt Property. However, if an Assessor Parcel that is subject to the Special Tax is acquired by a public entity, the Parcel shall continue to be subject to the Special Tax based on the use of such property at the time of acquisition by the public entity, as required by Section 53317.3 of the Act.

V. Manner of Collections

The Special Taxes shall be collected in the same manner and at the same time as ad valorem property taxes. If the District is unable to place the Special Tax on the County assessment roll in the Tax Year that an Ownership Unit becomes a Sold Ownership Unit or Commercial property is designated as Developed Property, the following alternative procedure shall be followed. For Sold Ownership Units the Developers shall collect the first year's Special Tax at the time the Developers close escrow on each Ownership Unit and direct any escrow holders to pay such amounts to the District immediately upon close of each escrow. For Commercial and the Gondola, the District shall directly bill the Developers. Special Taxes that are due for a partial Tax Year shall be prorated over the remaining months of the Tax Year.

The District may also directly bill the Special Tax in any other Tax Year, may collect Special Taxes at a different time or in a different manner and may collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until ten years after debt service on Bonds has been repaid.

VI. Appeals and Interpretation Procedure

Any taxpayer that feels that the amount or formula of the Special Tax is in error may file an application with the Executive Director of the Agency contesting the levy of the Special Tax. The Executive Director or his or her appointees (including any outside consultants) shall promptly review the application and, if necessary, meet with the applicant. If the findings of the Executive Director verify that the Special Tax should be modified or changed, a recommendation to the Agency Board will be made. As appropriate, the Special Tax levy shall be corrected and, if applicable, a refund shall be granted. If the Executive Director denies the application, the taxpayer may appeal that determination within 14 days of the mailing of notification of denial,

to the Agency Board under such procedures as the Agency Board shall establish. The determination of the Agency Board on the appeal shall be final for all purposes. The filing of an application or an appeal shall not relieve the taxpayer of the obligation to pay the Special Tax when due. Interpretations may be made by Resolution of the Agency Board for purposes of clarifying any vagueness or ambiguity as it relates to any of the terms or provisions of this Rate and Method of Apportionment.