



City of South Lake Tahoe

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STAFF REPORT

OVERSIGHT BOARD of the South Tahoe Redevelopment Successor Agency July 2, 2013

To: Oversight Board Members

From: Nira Feeley, Interim City Attorney, City of South Lake Tahoe

Re: Resolution of the Oversight Board of the Successor Agency to the South Tahoe Redevelopment Agency Approving the Execution and Delivery of a First Amendment to Parking Facility Agreement, Making Findings and Determinations Regarding the Revenues and Obligations of Community Facilities District No. 2001-1 (Park Avenue Project) And Taking Certain Other Related Actions

RECOMMENDATION:

Adopt Resolution (Attachment 1) concurring with the Successor Agency to the South Tahoe Redevelopment Agency (Successor Agency) in making the following findings:

- (a) Community Facilities District (CFD) 2001-1 is a legal governmental entity, separate from the Successor Agency;
- (b) All Special Tax Revenues are revenues of CFD 2001-1 and not of the Successor Agency;
- (c) Collection of, and payments out of, Special Tax Revenues are subject the Mello-Roos Act and the Rate and Method;
- (d) Despite the status of the governing board of the Successor Agency as the legislative body of CFD 2001-1, 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 2002 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 CFD 2001-1; and
- (e) Payment out of Special Tax Revenues, including any Annual Costs, as defined under the Rate and Method (including, but not limited to, payments under the 2002 Parking Facility Agreement, as amended by the First Amendment to Parking Facility Agreement), shall not be included in any Recognized Obligation Payment Schedule of the Successor Agency under HSC Section 34177 or be subject to other requirements of the Dissolution Act.

BACKGROUND:

On July 2, 2013, the South Tahoe Joint Powers Parking Financing Authority (STJPPFA) met and considered the refunding of its 2002 Bonds issued to acquire land and construct a Public Parking Garage. To authorize refunding of the 2002 Bonds and issue 2013 bonds to restructure the debt, the STJPPFA will need to adopt the First Amendment to the Parking Facility Agreement entered into by and between the South Tahoe Redevelopment Successor Agency

(as successor to the Redevelopment Agency) and the STJPPFA and approve a new Indenture for issuance of 2013 Bonds. Those documents were presented to the STJPPFA board in the attached July 2, 2013 staff report written by the Executive Director of the Authority and Agency.

On July 2, 2013 the South Tahoe Redevelopment Successor Agency (Successor Agency) will also meet following the meeting of the STJPPA and will have determined, by the date of this Oversight Board meeting, whether or not to approve the First Amendment to the Parking Facility Agreement. In addition, the Successor Agency will consider and make certain determinations regarding the revenues and obligations of Community Facilities District 2001-1.

The attached staff reports to the Successor Agency and the STJPPA contain all the relevant information that would otherwise be contained in the instant report. Further, the resolution recommended in that staff report is identical to the resolution attached hereto. Thus for the purposes of brevity and consistency, I am attaching that staff report and its attached documents to this report for Oversight Board consideration of the same action to be discussed and taken up by the Successor Agency on the same day as the meeting of the Oversight Board.

An oral report will be provided to the Oversight Board during the July 2, 2013 meeting regarding the actions taken by the Successor Agency earlier in the day.

ISSUE AND DISCUSSION:

See report from Successor Agency to Successor Agency (Attachment 2) and STJPPFA (Attachment 3)/

SIGNATURES:

By:



Nifa Feeley
Interim City Attorney, City of South Lake Tahoe

Attachments:

1. Oversight Board Resolution for consideration and adoption
2. July 2, 2013 Staff Report to Successor Agency with no attachments
3. July 2, 2013 Staff Report to the South Tahoe Joint Powers Parking Financing Authority with Attachments:

Attachment 1

*Resolution of the
Oversight Board of the Successor
Agency to the South Tahoe
Redevelopment Agency*

*for consideration and adoption
July 2, 2013*

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY MAKING FINDINGS AND DETERMINATIONS REGARDING THE REVENUES AND OBLIGATIONS OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (PARK AVENUE PROJECT) AND TAKING CERTAIN RELATED ACTIONS

WHEREAS, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, set forth in Section 53300 *et seq.*, of the California Government Code (the "Mello-Roos Act"), the South Tahoe Redevelopment Agency (the "Redevelopment Agency") undertook proceedings in 2001 to form Community Facilities District No. 2001-1 (Park Avenue Project) ("CFD 2001-1"); and

WHEREAS, pursuant to the Mello-Roos Act, the governing board of the local agency that formed CFD 2001-1 (being the governing board of the Redevelopment Agency) acts as the legislative body for CFD 2001-1, but CFD 2001-1 is a legally constituted governmental entity, separate from the Redevelopment Agency; and

WHEREAS, pursuant to the Mello-Roos Act and a Rate and Method of Apportionment of Special Tax for CFD 2001-1 (the "Rate and Method"), CFD 2001-1 annually levies a special tax ("Special Tax") on taxable properties in CFD 2001-1; and

WHEREAS, as provided in the Rate and Method, the "Annual Costs" to be paid by CFD 2001-1 with revenues from the annual Special Tax collection (the "Special Tax Revenues") include: (i) debt service on all bonds issued for CFD 2001-1 (the "CFD Bonds"), (ii) pay periodic costs on the CFD Bonds, including but not limited to, credit enhancement, and rebate payments on CFD Bonds, (iii) expenses directly related to the administration of CFD 2001-1, (iv) amounts required to establish or replenish funds for CFD Bonds, (v) pay reasonably anticipated Special Tax delinquencies, (vi) a transfer of \$190,000 in collected Special Taxes to the South Tahoe Joint Powers Parking Financing Authority (the "Authority") pursuant to the Parking Facility Agreement, dated as of June 1, 2002 (the "2002 Parking Facility Agreement"), and (vii) pay for facilities authorized to be financed by CFD 2001-1; and

WHEREAS, the 2002 Parking Facility Agreement was entered into by and between the Redevelopment Agency and the Authority in connection with the issuance of the Authority's \$9,000,000 aggregate principal amount Parking Revenue Bonds Series A (the "2002 Bonds"), pursuant to an Indenture, dated as of June 1, 2002 (the "2002 Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (formerly, BNY Western Trust Company), as trustee; and

WHEREAS, in accordance with the Indenture, payment of debt service on the 2002 Bonds is secured by a pledge of (i) certain revenues from the operation of certain parking facilities, and (ii) Surplus Special Tax Revenues (as defined in the 2002 Indenture), consisting of the Special Tax Revenues remaining after satisfaction of requirements relating to the CFD Bonds, transferred pursuant to the 2002 Parking Facility Agreement in the amount up to \$190,000; and

WHEREAS, pursuant to AB X1 26 (which became effective at the end of June 2011), as modified by the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal.4th 231(2011), the Redevelopment Agency was dissolved as of February 1, 2012, and the Successor Agency to the South Tahoe Redevelopment Agency (the "Successor Agency") was constituted; and

WHEREAS, AB 1484, which became effective at the end of June 2012, amended and supplemented the provisions of AB X1 26 (AB X1 26 and AB 1484, together, being referred to herein as the "Dissolution Act"); and

WHEREAS, pursuant to Section 34175(b) of the California Health and Safety Code ("HSC"), all assets, properties, contracts, leases, books and records, buildings, and equipment of the Redevelopment Agency transferred to the control of the Successor Agency by operation of law; and

WHEREAS, the Authority is considering the issuance of bonds (the "2013 Bonds") to refund the outstanding 2002 Bonds (the "2013 Refunding"); and

WHEREAS, for the purposes of providing security for the 2013 Bonds, there has been presented to the Board of Directors of the Successor Agency a proposed First Amendment to Parking Facility Agreement, amending the provisions of the 2002 Parking Authority in connection with the 2013 Refunding; and

WHEREAS, this Board of Directors of the Successor Agency, by its Resolution No. _____ (the "Successor Agency Resolution"), approved the execution and delivery of the First Amendment to Parking Facility Agreement, made certain findings and determinations regarding the Special Tax Revenues and requested this Oversight Board to adopt a resolution evidencing the Oversight Board's concurrence with such findings and determinations; and

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE SOUTH TAHOE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. The above recitals, and each of them, are true and correct.

Section 2. Finding and Determination Regarding CFD 2001-1 Special Tax Revenues. This Oversight Board hereby recognizes, finds, determines and declares as follows (concurring with the Board of Directors of the Successor Agency with respect thereto):

- (a) CFD 2001-1 is a legal governmental entity, separate from the Successor Agency;
- (b) All Special Tax Revenues are revenues of CFD 2001-1 and not of the Successor Agency;
- (c) Collection of, and payments out of, Special Tax Revenues are subject the Mello-Roos Act and the Rate and Method;
- (d) Despite the status of the governing board of the Successor Agency as the legislative body of CFD 2001-1, 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 2002 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 CFD 2001-1; and

- (e) Payment out of Special Tax Revenues, including any Annual Costs, as defined under the Rate and Method (including, but not limited to, payments under the 2002 Parking Facility Agreement, as amended by the First Amendment to Parking Facility Agreement), shall not be included in any Recognized Obligation Payment Schedule of the Successor Agency under HSC Section 34177 or be subject to other requirements of the Dissolution Act.

Section 3. First Amendment to Parking Facility Agreement. This Oversight Board hereby approves the Successor Agency’s execution and delivery of the First Amendment to Parking Facility Agreement.

Section 4. Other Acts. The members of this Oversight Board and the staff of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the South Tahoe Redevelopment Agency at a duly noticed meeting held on July 2, 2013, by the following vote:

AYES:

NOES:

ABSENT:

Hal Cole, Chair of the Oversight Board of
Successor Agency to the South Tahoe
Redevelopment Agency

ATTEST:

Ellen Palazzo, Secretary

Attachment 2

*Staff Report to Successor Agency
July 2, 2013*



City of South Lake Tahoe

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STAFF REPORT

Governing Board of the Successor Agency to the South Tahoe Redevelopment Agency July 2, 2013

To: South Tahoe Board of Directors of the South Tahoe Redevelopment Successor Agency Governing Board Members

From: Nancy Kerry, Executive Director, South Tahoe Redevelopment Successor Agency

Re: Resolution of the Board of Directors of the Successor Agency to the South Tahoe Redevelopment Agency Approving the Execution and Delivery of a First Amendment to Parking Facility Agreement, Making Findings and Determinations Regarding the Revenues and Obligations of Community Facilities District No. 2001-1 (Park Avenue Project) And Taking Certain Other Related Actions

RECOMMENDATION:

Adopt Resolution (Attachment 1) making the following findings:

- (a) CFD 2001-1 is a legal governmental entity, separate from the Successor Agency;
- (b) All Special Tax Revenues are revenues of CFD 2001-1 and not of the Successor Agency;
- (c) Collection of, and payments out of, Special Tax Revenues are subject the Mello-Roos Act and the Rate and Method;
- (d) Despite the status of the governing board of the Successor Agency as the legislative body of CFD 2001-1, 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 2002 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 CFD 2001-1; and
- (e) Payment out of Special Tax Revenues, including any Annual Costs, as defined under the Rate and Method (including, but not limited to, payments under the 2002 Parking Facility Agreement, as amended by the First Amendment to Parking Facility Agreement), shall not be included in any Recognized Obligation Payment Schedule of the Successor Agency under HSC Section 34177 or be subject to other requirements of the Dissolution Act.

BACKGROUND:

On July 2, 2013, the South Tahoe Joint Powers Parking Financing Authority (STJPPFA) met and considered the refunding of its 2002 Bonds issued to acquire land and construct a Public Parking Garage. To authorize refunding of the 2002 Bonds and issue 2013 bonds to restructure the debt, the STJPPFA will need to adopt the First Amendment to the Parking Facility Agreement entered into by and between the South Tahoe Redevelopment Successor Agency (as successor to the Redevelopment Agency) and the STJPPFA and approve a new Indenture for issuance.

If the STJPPFA Board of Directors approves those legal documents, they have thereby directed staff to proceed with the process for refunding the 2002 Bonds. The STJPPFA is meeting on the same day (July 2, 2013) as this Successor Agency is meeting and therefore the outcome of their actions is unknown as of the date of this writing.

South Tahoe Redevelopment Successor Agency Signatory to Parking Facility Agreement

The South Tahoe Redevelopment Successor Agency (STRSA) needs to be apprised of the actions of the STJPPFA and make a determination regarding revenues derived from Community Facilities District 2001-1 (CFD). The STRSA is involved in the refunding of the STJPPFA 2002 Bonds because of several reasons. First, the deed to the Parking Garage is currently in the name of the Successor Agency (proposed to be transferred under separate action during this same meeting). Secondly, the STRSA (as successor to the Redevelopment Agency) was signatory to the original Parking Facilities Agreement and therefore, must approve any amendments to the Agreement. In addition, the STRSA is the legislative body of the CFD and thus under the laws associated with the dissolution of redevelopment (AB X1 26 and AB 1484, taken together constitute the "Dissolution Act"), must make a determination that CFD revenues are not revenues or obligations of the Successor Agency.

ISSUE AND DISCUSSION:

First Amendment to the 2002 Parking Facilities Agreement

If the STJPPFA Board of Directors approves the First Amendment to the 2002 Parking Facilities Agreement it will also need to be approved by the STRSA (Attachment 2). The July 2, 2013 staff report submitted to STJPPFA was prepared by the undersigned and describes in detail the issues surrounding the need to refund the 2002 Bonds and restructure the debt. For purposes of brevity and conciseness, considering the Board of Directors of the STJPPFA and the STRSA are the same persons, the July 2, 2013 STJPPFA report describing the need to proceed with refunding of the 2002 Bonds and approval of legal documents including the Parking Facilities Agreement is heretofore attached and incorporated by reference.

Findings Regarding Special Tax Revenues of Community Facilities District (CFD) 2001-1

The July 2, 2013 staff report submitted to STJPPFA provides a detailed description of CFD 2001-1 and therefore is not repeated herein.

However, what is not mentioned in the STJPPFA staff report and is unique to the STRSA's role as it relates to the Public Parking Garage, the CFD and the dissolution of redevelopment, is the need to make certain findings regarding the Special Tax Revenues levied by the CFD.

The STRSA Board of Directors must make the findings provided in the Recommendation section of this report. The findings primarily clarify, if there was any doubt, that although the

Governing Board of the Successor Agency is the legislative body of the CFD, revenues and payments **are revenues of CFD 2001-1 and not of the Successor Agency.**

As described in the resolution (Attachment 1), CFD revenues are collected pursuant to the Mello-Roos Act and a Rate and Method of Apportionment of Special Tax for CFD 2001-1. This is referred to as the "Rate and Method." The CFD 2001-1 annually levies a special tax on taxable properties in CFD 2001-1 (Park Avenue Project Area) and **must** use those revenues to pay the following:

- debt service payments on all bonds issued for CFD 2001-1,
- periodic costs on the CFD Bonds, including but not limited to, credit enhancement, and rebate payments on CFD Bonds,
- expenses directly related to the administration of CFD 2001-1,
- amounts required to establish or replenish funds for CFD Bonds,
- reasonable anticipated Special Tax delinquencies,
- make a transfer of \$190,000 in collected Special Taxes to the South Tahoe Joint Powers Parking Financing Authority pursuant to the Parking Facility Agreement, dated as of June 1, 2002, and
- pay for facilities authorized to be financed by CFD 2001-1.

FINANCIAL AND/OR POLICY IMPLICATIONS:

Due to the tight coverage between revenues and expenditures of the Parking Garage (as explained in the July 2, 2013 Staff Report to STJPPFA), it is prudent to proceed with refinancing of the 2002 Bonds. Conditions in the financial market are ripe for refunding of the bonds and restructuring of the debt. There are several financing options for refunding the bonds, which primarily include extending the final maturity date and extending the CFD special tax levy. The financing options will be presented to the Successor Agency in approximately two months, providing sufficient time to negotiate with the financial market and time for the State Department of Finance to weigh in on transfer of the Parking Garage to the STJPPFA (an action proposed under separate title at this same meeting).

SIGNATURES:

By:



Nancy Kerry
Executive Director, STRSA

Attachments:

1. Successor Agency Resolution for consideration and adoption
2. 2013 First Amendment to the Parking Facility Agreement
3. July 2, 2013 Staff Report to the ST Joint Powers Parking Financing Authority

Attachment 3

*Staff Report to the
South Tahoe Joint Powers Parking
Financing Authority
July 2, 2013*

with attachments

STAFF REPORT

SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY

July 2, 2013

To: Board of Directors for the Joint Powers Parking Financing Authority

From: Nancy Kerry, Executive Director, STJPPFA

Re: Resolution of the Board of Directors of the South Tahoe Joint Powers Parking Financing Authority Authorizing the Issuance and Sale of its Parking Revenue Refunding Bonds in One or More Series, and Approving Related Agreements and Actions

RECOMMENDATION:

Adopt Resolution (Attachment 1)

BACKGROUND:

South Tahoe Joint Powers Parking Financing Authority (the "Authority") is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (codified at California Government Code Sections 6500 and following) (the "Act"), and a Joint Exercise of Powers Agreement, dated as of June 1, 2002 (the "JPA Agreement") between the South Tahoe Redevelopment Successor Agency (as successor to the South Tahoe Redevelopment Agency, the "Agency") and the City of South Lake Tahoe (the "City"), ("Authority Members"). The Authority was formed for the purpose of assisting the Agency and the City with the financing and refinancing of public capital improvements, namely the Public Parking Garage built to service the Park Avenue Project Area.

On June 1, 2002, the South Tahoe Redevelopment Agency and the Authority entered into the Parking Facility Agreement ("Agreement") (Attachment 2). Also on June 1, 2002, the Authority signed the Indenture with the Trustee, the Bank of New York Western Trust Company, (Attachment 3). As described in the Indenture, debt service bond payments are secured by "*all gross revenues*" (Attachment 3, pg A-5) except for deductions for operations and maintenance as authorized by the Indenture. In addition, debt service is pledged by any Surplus of Special Tax Revenue from the Community Facilities District (see below).

On August 14, 2002, the South Tahoe Joint Powers Parking Financing Authority ("Authority") issued bonds ("2002 Bonds") in the aggregate principal amount of \$9,000,000 to finance the acquisition of property and construction of a 420-space public parking garage. The garage services and is part of the project area originally known as the Park Avenue Project Area, the location of which includes what is commonly referred to as Heavenly Village commercial area.

Community Facilities District CFD 2001-1

Between 2001 and 2002 the South Tahoe Redevelopment Agency conducted proceedings resulting in the establishment of Community Facilities District No. 2001-1 (Park Avenue Project) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982. The CFD is a legally separate and distinct entity from the Authority, the Agency, and the City. The CFD levies and

collects a special tax on all the parcels in the Park Avenue Project to pay the debt service for bonds issued by the Agency (RDA) on behalf of the CFD. Any remaining funds available through the collection of the CFD taxes are required to be utilized to assist in the payment of the 2002 Bonds issued for the purpose of constructing the parking garage (for a complete detailed description of the CFD, see Attachment 4) .

Official Statement Regarding 2002 Bonds

Attached to this report is the 2002 Official Statement of the South Tahoe Joint Powers Parking Financing Authority, Parking Revenue Bonds, Series A, *which provides a good summary* of the various roles of the involved entities (the City, the (RDA) Agency, the Authority and the District (CFD)). The Official Statement also clearly describes the pledged revenues and financing plan as originally issued (Attachment 5).

ISSUE AND DISCUSSION:

This item is before the South Tahoe Joint Powers Parking Financing Authority (Authority) to adopt the resolution (Attachment 1) approving the legal documents necessary to move forward with a refunding of the 2002 Parking Garage Bonds ("2002 Bonds") and the issuance of 2013 Bonds ("refinancing"). The legal documents to be approved include the First Amendment to Parking Facility Agreement and the Indenture (Attachments 6 and 7 respectively).

Adoption of the resolution ***does not authorize the financing terms, which will be decided by this board at a later date.*** Because of the nature of bond financing, the legal documents need to be approved at this time. Additionally, because the deed to the Parking Garage is currently in the name of the Successor Agency to the South Tahoe Redevelopment Agency, the refinancing of the parking garage needs to be addressed by this body (the Authority) and the various agencies related to the dissolution of redevelopment (Successor Agency to the South Tahoe Redevelopment Agency, its Oversight Board, County Auditor-Controller and State Department of Finance) before the Authority can move forward with finalizing the refunding of the 2002 Bonds.

If the refinancing of the 2002 Bonds is approved by the various agencies involved in the dissolution of redevelopment, staff will return to the Authority and related entities for discussion and approval of the refinancing terms. In the meantime, if approved, the Authority will proceed with negotiations for bond financing terms and conditions. This process is described in the proposed First Amendment to the Parking Facility Agreement (Attachment 6), Section 5, "Sale of the Bonds; Bond Purchase Agreement," which describes the *intention "to approve the sale of the Bonds by negotiation with Stifel, Nicolaus & Company, Incorporated as the Underwriter pursuant to the Bond Purchase Agreement in a form to be considered for approval by this Board at a future date in connection with final approval of the issuance of the Bonds."*

Parking Garage 2002 Bonds Need Refinancing (aka "refunding of 2002 bonds")

The 2002 Bonds, issued by the Authority, need to be refunded and a new bond issuance approved to increase coverage between debt service, operating expenses and revenues. Since the Parking Garage was built, annual revenues have remained below expenses. While the cost of operations is less than half of annual parking revenue (\$650,000), when combined with debt services, a shortfall of approximately \$150,000 exists each year. The shortfall has been covered through the CFD surplus. As a result of these very tight net revenues, the 2002 Parking Bonds have been in technical default since issuance. There currently exists a good opportunity in the financial bond market to reissue these bonds.

Although it is the Authority that issued the 2002 Bonds, the South Tahoe Redevelopment Successor Agency and associated redevelopment boards must review this process because the Parking Garage remains in the name of the Redevelopment Successor Agency (as successor to the South Tahoe Redevelopment Agency). Therefore, time is of the essence to approve the attached legal documents and advance the process through the agencies involved in the dissolution of redevelopment.

First Amendment to the Parking Facility Agreement (Attachment 6)

In order to restructure debt service on the outstanding 2002 Bonds, the Authority needs to amend the Parking Facility Agreement, which is done through the adoption of the attached Resolution. In accordance with the original 2002 Parking Facility Agreement (Attachment 2), "The Parking Facility Agreement may be amended at any time by the Agency and the Authority," "upon filing of a Certificate of the Authority with the Trustee to the effect that such amendment shall not materially affect the Bondholders." The Authority must agree to amend the Agreement in order to restructure the transfer of Surplus Special Tax Revenues and to make such transfers available for payment of debt service on the Refunding Bonds in accordance with the 2013 Indenture (defined below).

2013 Indenture (Attachment 7)

Under the Original Indenture (Attachment 3), the Authority issued the 2002 Parking Revenue Bonds, Series A (the "2002 Bonds") payable from net operating revenues of the Parking Garage (the Project) and the Surplus Special Tax Revenues (from the CFD). In order to restructure debt service on the outstanding 2002 Bonds, and provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, the Authority needs to authorize the execution of both the First Amendment to the Parking Facility Agreement and the 2013 Indenture.

FINANCIAL AND/OR POLICY IMPLICATIONS:

Due to the tight coverage between revenues and expenditures of the Parking Garage, it is prudent to proceed with refinancing of the 2002 Bonds. Conditions in the financial market are ripe for refunding of the bonds and restructuring of the debt. There are several financing options for refunding the bonds, which primarily include extending the final maturity date and extending the CFD special tax levy. The financing options will be presented to the board in approximately two months, providing sufficient time to negotiate with the financial market and time for the State Department of Finance to weigh in on transfer of the Parking Garage to the Authority (an action proposed under separate title at this same meeting).

SIGNATURES:

By:


Nancy Kerry
Executive Director, STJPPFA

Attachments listed next page

Attachments:

1. STJPPFA Resolution for Adoption
2. 2002 Parking Facility Agreement
3. 2002 Indenture
4. Detailed Description of CFD
5. 2002 Official Statement (excellent overview of roles of various agencies)
6. 2013 First Amendment to Parking Facility Agreement (September 1, 2013)
7. 2013 Indenture (September 1, 2013)

Attachment 1

*Resolution of the
South Tahoe Joint Powers Parking
Financing Authority*

*for consideration and adoption
July 2, 2013*

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ITS PARKING REVENUE REFUNDING BONDS IN ONE OR MORE SERIES, AND APPROVING RELATED AGREEMENTS AND ACTIONS

WHEREAS, the South Tahoe Joint Powers Parking Financing Authority (the "Authority") is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (codified at California Government Code Sections 6500 and following) (the "Act"), and a Joint Exercise of Powers Agreement, dated as of June 1, 2002 (the "JPA Agreement") between the South Tahoe Redevelopment Successor Agency (as successor to the South Tahoe Redevelopment Agency, the "Agency") and the City of South Lake Tahoe (the "City"), for the purpose of assisting the Agency and the City with the financing and refinancing of public capital improvements pursuant to the Act; and

WHEREAS, Under Article 4 of the Act, the Authority previously issued its Parking Revenue Bonds, Series A (the "Prior Bonds") in the aggregate principal amount of \$9,000,000 in order to finance the Project (as hereinafter defined), which Prior Bonds were payable from revenues of the parking garage project constructed with proceeds of the Prior Bonds and from amounts derived under a Parking Facility Agreement (as hereinafter defined) between the Authority and the Agency; and

WHEREAS, in 2002 the South Tahoe Redevelopment Agency conducted proceedings resulting in the establishment of Community Facilities District No. 2001-1 (Park Avenue Project) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code; and

WHEREAS, the CFD is a legal entity independent of the Agency pursuant to the Act and the Agency acts as the legislative body of the CFD; and

WHEREAS, the Agency, on behalf of the CFD, levies and collects a special tax (the "CFD Special Taxes") on taxable parcels within the boundary of the CFD for the purpose of paying bonds issued by the Agency on behalf of the CFD in 2007 captioned the South Tahoe Redevelopment Agency (Park Avenue Project) Special Refunding Tax Bonds (the "CFD Bonds"); and

WHEREAS, after using CFD Special Taxes to pay debt service on the CFD Bonds, the Agency is required under the Original Parking Facility Agreement to, **on an annual basis**, use a portion of the remainder of CFD Special Taxes to assist in the payment of the Prior Bonds, to the extent and in the manner set forth in the Original Parking Facility Agreement; and

WHEREAS, the Authority, after due investigation and deliberation, has determined that it is in the best interests of the Authority at this time provide for the refunding of the Prior Bonds through the issuance by the Authority of Parking Revenue Refunding Bonds, Series 2013 (the "Bonds") through the Act; and

WHEREAS, in connection with the issuance of the Bonds, the Authority and the Agency desire to amend the Parking Facility Agreement in order to facilitate the use of Special Taxes of the Agency's CFD for payment of debt service on the 2013 Bonds and for that purpose have caused to be prepared a First Amendment to Parking Facility Agreement by and between the Authority and the Agency (the "Amendment to Parking Facility Agreement"); and

WHEREAS, for the proposed refinancing, there has been filed with the Secretary of the Board of Directors of the Authority the forms of the following documents to be executed by the Authority with respect to the issuance of the Bonds, which the Board desires to approve for execution as described herein:

- (1) The Indenture of Trust (Exhibit A), dated as of September 1, 2013 (the "Indenture"), by and between the Authority and a bank to be designated by staff of the Authority, as trustee (the "Trustee")
- (2) The First Amendment to Parking Facility Agreement (Exhibit B) dated as of September 1, 2013 by and between the Authority and the Agency (the "Amendment to Parking Facility Agreement");

WHEREAS, the Authority has determined and hereby finds that the issuance of the Bonds will result in significant public benefits of the type described in Section 6586 of the Bond Law;

NOW, THEREFORE, BE IT RESOLVED By the Board of Directors of the South Tahoe Joint Powers Parking Financing Authority as follows:

Section 1. Recitals. Each of the above recitals is true and correct and is adopted by the Board of Directors.

Section 2. The Bonds; the Indenture. The Bonds shall be issued in an aggregate principal amount not to exceed \$9,000,000 with the number of series, the exact principal amount of each series, the interest rates and the maturity to be determined by the sale of the Bonds as described in a future resolution of this Board. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairman, and the seal of the Authority, or a facsimile thereof, shall be impressed or imprinted thereon and attested with the manual or facsimile signature of the Secretary of the Authority.

The Bonds shall be issued under the terms of the Indenture, the form of which is on file with the Secretary of the Board of Directors. The Board of Directors hereby approves the

Indenture in substantially the form on file with the Secretary, together with any changes therein or additions thereto approved by the Executive Director or the Treasurer (each an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of such approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Officer to execute, and the Secretary to attest and affix the seal of the Authority to, the final form of the Indenture for and in the name of the Authority. The Board of Directors hereby authorizes the delivery and performance of the Indenture.

Section 3. Amendment to Parking Facility Agreement. The Board of Directors hereby approves the First Amendment to Parking Facility Agreement (Exhibit B) in substantially the form on file with the Secretary, together with any changes therein or additions thereto not materially changing the transaction structure approved by an Authorized Officer, and the execution thereof by an Authorized Officer shall be conclusive evidence of such approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Officer to execute, and the Secretary to attest and affix the seal of the Authority to, the final form of the Amendment to Parking Facility Agreement for and in the name of the Authority. The Board of Directors hereby authorizes the delivery and performance of the Amendment to Parking Facility Agreement.

Section 4. Trustee. Any Authorized Officer is hereby to engage the services of a trustee for the Bonds under the Indenture. If an Authorized Officer determines at any time while the Bonds are outstanding that another bank should be selected to act as trustee for the Bonds, in order to ensure the efficient administration of the Bonds, then such Authorized Officer, or a designee, is hereby authorized and directed to select and engage a bank or trust company meeting the requirements set forth in the Indenture to act as the trustee for the Bonds under the terms of the Indenture.

Section 5. Sale of the Bonds; Bond Purchase Agreement. The Board intends to approve the sale of the Bonds by negotiation with Stifel, Nicolaus & Company, Incorporated as the Underwriter pursuant to the Bond Purchase Agreement in a form to be considered for approval by this Board **at a future date** in connection with final approval of the issuance of the Bonds.

Section 6. Official Statement. The form of a Preliminary Official Statement relating to the Bonds will be considered for approval by this Board **at a future date** in connection with final approval of the issuance of the Bonds.

Section 7. Official Actions. The Chairman, the Executive Director, the Treasurer, the Secretary and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Bonds and any of the other transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Authority is

authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the Board of Directors of the City of South Tahoe Joint Powers Parking Financing Authority on July 2, 2013 by the following vote:

PASSED AND ADOPTED on July 2, 2013, by the following vote:

AYES:

NOES:

ABSENT:

Tom Davis, Chair of the Board of Directors
of Joint Powers Parking Financing
Authority

ATTEST:

Susan Alessi, Secretary

Exhibits:

Exhibit A: Indenture of Trust dated as of September 1, 2013

Exhibit B: First Amendment to the Parking Facility Agreement

Attachment 2

2002 Parking Facility Agreement

PARKING FACILITY AGREEMENT

dated as of June 1, 2002

between

SOUTH TAHOE REDEVELOPMENT AGENCY

and

SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY

**relating to the South Tahoe Joint Powers Parking Financing Authority Parking Revenue Bonds,
including \$9,000,000 aggregate principal amount of Bonds of Series A**

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THIS PARKING FACILITY AGREEMENT, dated as of the first day of June, 2002, by and between the SOUTH TAHOE REDEVELOPMENT AGENCY, a public body, corporate and politic duly organized and validly existing under the laws of the State of California (the "Agency"), and the SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY, a joint exercise of powers authority duly organized and validly existing under the laws of the State of California (the "Authority"),

WITNESSETH:

WHEREAS, the Agency desires to provide for the vehicular parking needs of the residents and visitors to the City of South Lake Tahoe (the "City") and, in particular to meet such needs in connection with the Park Avenue Project undertaken by the Agency as a part of the South Tahoe Redevelopment Project Area No. 1 (the "Redevelopment Project"), by providing for the planning, design, construction, improvement and acquisition of an approximately 420-space parking facility (as hereinafter defined, the "Project") in the manner provided for herein and in the Indenture, dated as of June 1, 2002, between the Authority and BNY Western Trust Company, as trustee (the "Indenture");

WHEREAS, the Agency further desires to provide for the vehicular parking needs of the residents and visitors to the Park Avenue Project within the Redevelopment Project and to assist the Authority in that respect by transferring the real property constituting the site for the Project to the Authority and paying Surplus Special Tax Revenues (as that term is defined herein) to the Authority in the manner provided for herein;

WHEREAS, the Authority desires to assist the Agency in performing its public purposes by issuing its Parking Revenue Bonds pursuant to the Indenture and to provide for the planning, design, construction, improvement and acquisition of the Project in the manner provided for herein;

NOW, THEREFORE, the Agency and the Authority do hereby agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, all capitalized terms defined herein shall have the meanings set forth in the Indenture.

SECTION 2. Transfer of the Site; Payment of Surplus Special Tax Revenues.

(A) The Agency shall take all actions as may be directed by the Authority to transfer all necessary and appropriate interests in the real property described in Exhibit A hereto (the "Site") to or upon the order of the Authority so that the Authority may provide the Project as hereinafter provided.

(B) On or before the first day of each month, commencing July 1, 2002, the Agency shall pay the Surplus Special Tax Revenues to the Authority for deposit by the Authority into the Revenue Fund pursuant to Section 5.01 of the Indenture; provided, however, that in any Fiscal Year the amount of Surplus Special Tax Revenues paid pursuant to this Section 2 shall not exceed one hundred ninety thousand dollars (\$190,000). In accordance with Section 7.02 of the CFD No. 2001-1 Indenture, the obligation of the Agency to pay Surplus Special Tax Revenues pursuant to this Section 2 shall be subordinate in all respects to the use of the proceeds of the Special Tax as defined in and provided in the CFD No. 2001-1 Indenture. So long as this

Section 2(B) remains in force, the Agency shall not issue any Additional Bonds pursuant to, and as that term is defined in, the CFD No. 2001-1 Indenture. Any bonds or other indebtedness of the Agency issued after the date hereof and secured by a pledge of or lien upon the Special Tax Revenues (as that term is defined in the CFD No. 2001-1 Indenture) shall be payable on a parity with the Agency's obligations to pay Surplus Special Tax Revenues hereunder and the Authority's obligation to apply such Surplus Special Tax Revenues in accordance with the terms of the Indenture.

(C) Subject to Section 2(D) hereof, the Agency shall take all actions permitted by law that are necessary or desirable to cause the levy of the Special Tax during each Fiscal Year to be in an amount fully sufficient to satisfy all of the requirements of the CFD No. 2001-1 Indenture and to permit the Agency to make the deposit of Surplus Special Tax Revenues pursuant to Section 2(B).

(D) The payment of Surplus Special Tax Revenues by the Agency pursuant to Section 2(B) shall no longer be required after the pledge and lien upon the Surplus Special Tax Revenues created by the Indenture shall be terminated and the Gross Revenues shall no longer include any amount of Surplus Special Tax Revenues in accordance with Section 6.07(b) of the Indenture, which requires the filing of a Certificate of the Authority with the Trustee confirming that all of the following conditions have been satisfied: (1) based upon the audited financial statements of the Authority, during each of the immediately preceding three (3) successive Fiscal Years the amount of Net Operating Revenues during each such respective Fiscal Year has been not less than one hundred fifty percent (150%) of Maximum Annual Bond Service; (2) the amount on deposit in the Supplemental Reserve Account is not less than the Supplemental Reserve Account Requirement; and (3) no Event of Default (or any event which, with the passage of time or notice or both would constitute an Event of Default) has occurred.

SECTION 3. Planning, Design and Construction of the Project. (A) The Authority shall take all necessary and appropriate actions to provide for the planning, design, construction, improvement and acquisition of the Project with all practical dispatch.

(B) The Authority shall from time to time pay for the costs of the planning, design, construction, acquisition and improvement of the Project by filing its Written Request of the Authority with the Trustee pursuant to Section 3.02(4) of the Indenture, so that all such costs are promptly paid in full.

SECTION 4. Operation of the Project. (A) The Authority shall 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.

(B) The Authority shall pay for the costs and expenses of the operation and maintenance of the Project by filing its Written Request of the Authority with the Trustee pursuant to Section 5.01(b) of the Indenture, so that all such costs and expenses are promptly paid in full.

SECTION 5. Limited Obligation. Notwithstanding any other provision of this Parking Facility Agreement, the City, the Authority and the Agency shall 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 this 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.

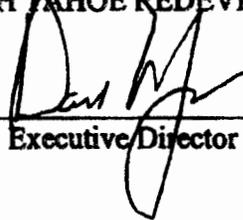
SECTION 6. Limitation of Rights to Parties and Bondholders. Nothing in this Parking Facility Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority, the Agency, the Trustee, and the owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Parking Facility Agreement or any covenant, condition or provision contained herein; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Agency, the Trustee and the owners of the Bonds.

SECTION 7. Amendments; Severability; Governing Law. This 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 shall not materially adversely affect the Bondholders. It is the intent of the parties hereto that if any part of this Parking Facility Agreement is unlawful, void or unenforceable, all of the remaining parts of this Parking Facility Agreement shall be valid and binding upon the parties hereto. This Parking Facility Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the duly authorized representatives of the SOUTH TAHOE REDEVELOPMENT AGENCY and the SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY, have executed and delivered this Parking Facility Agreement on the date first written above.

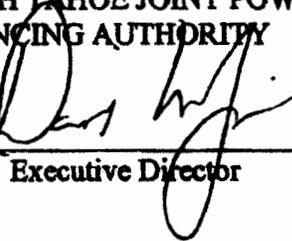
SOUTH TAHOE REDEVELOPMENT AGENCY

By


Executive Director

SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY

By


Executive Director

Attachment 3

2002 Indenture

APPENDIX A

SUMMARY OF BASIC 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.

INDENTURE

Definitions

"Act" means Chapter 5 of Division 7 of Title 1 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 Agency, a public body corporate and politic, its successors and assigns.

"Annual Bond Service" means, as of any date of calculation, the sum of (1) the interest falling due on Bonds then Outstanding (assuming that all Serial Bonds then Outstanding are retired on their respective maturity dates and that all Term Bonds then Outstanding are retired at the times of and in the amounts provided for by Mandatory Sinking Account Payments), (2) the principal installments for Serial Bonds then Outstanding falling due by their terms, and (3) the amount of all Mandatory Sinking Account Payments required.

"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" means the registered owner of a Bond as set forth on the bond registration books of the Trustee maintained pursuant to the Indenture.

"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 have the highest rating 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 in connection with the issuance of any Series of Bonds and which is in an amount at least equal to the Bond Reserve Account Requirement for such Series of Bonds.

"Bond Reserve Account Requirement" means, as of any date of calculation, an amount equal to Maximum Annual Bond Service on all Bonds Outstanding under the Indenture; or such larger amount as may be established as the Bond Reserve Account Requirement by any Supplemental Indenture.

"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. *"Serial Bonds"* means the Bonds, falling due by their terms in specified years, for which no Mandatory Sinking Account Payments are provided. *"Term Bonds"* means the Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

"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 shall include the statements provided for in the Indenture.

"Certificate of the Financial Consultant" means a written certificate duly prepared, executed and delivered by person or firm of recognized regional standing in connection with matters relating to the financial and business activities of local government agencies, selected by the Authority.

"CFD No. 2001-1 Indenture" means the Indenture, dated as of December 1, 2001, between the Agency and BNY Western Trust Company, as trustee, authorizing the issuance of the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Special Tax Bonds, as originally executed and as it may be amended from time to time in accordance with its terms.

"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 amended, any successor to the Code, and the applicable Treasury Regulations promulgated thereunder.

"Completion Project" means any kind of acquisition, completion, furnishing or equipping of any kind of additions, extensions, alterations or improvements to the Project.

"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 of Series A, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"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) so long as it is pledged under the Indenture, Surplus Special Tax Revenues.

"Indenture" means the Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions thereof.

"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 shall not include debt service, depreciation or any general administrative expenses of the Authority, the City or the Agency.

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

"*Net Maximum Annual Bond Service*" means, as of any date of calculation, an amount equal to (a) Maximum Annual Bond Service for such date minus (b) the quotient derived from dividing (i) the amount of Surplus Special Tax Revenues deposited by the Agency with the Authority pursuant to the Parking Facilities Agreement during the preceding Bond Year, by (ii) 1.10.

"*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, or arising from, the Project, including without limitation any such revenues or moneys received by the City or the Agency pursuant to the Parking Facility Agreement, but excluding any refundable deposits or fines and forfeitures.

"*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 shall 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 shall have been given as in provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Bonds in lieu of or in substitution for which other Bonds shall 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, between the Agency and the Authority relating to the planning, design, construction, acquisition, operation and ownership of the Project and the payment by the Agency to the Authority of the Surplus Special Tax Revenues.

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

"*Permitted Investments*" means any of the following:

(1) United States Treasury notes, bonds, bills, or certificates of indebtedness, or obligations for which the faith and credit of the United States of America are pledged for the payment of principal and interest (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and if they become legal investments under the laws of the State of California for moneys held under the Indenture, securities which represent an undivided interest in such direct obligations), and also any securities now or hereafter authorized, both the principal of and interest on which is guaranteed fully and directly by the full faith and credit of the United States of America;

(2) Notes, debentures, participation certificates or other obligations of the Government National Mortgage Association or the Federal National Mortgage Association established under the National Housing Act, as amended;

(3) Demand deposits, time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank or trust company, including the Trustee or an affiliate, or a state or national savings and loan association, provided that such certificates of deposit shall be (i) continuously and fully insured by

the Federal Deposit Insurance Corporation or (ii) issued by any bank or trust company organized under the laws of any state of the United States, or any national banking association (including the Trustee and any affiliate), having a combined capital and surplus of at least \$100,000,000 and having a short-term rating of "A-1" or better by Standard & Poor's;

(4) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States (including the Trustee) or any national banking association or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, which agreement is secured at all times by collateral security described in clauses (1) or (2) of this definition and in which the Trustee has a perfected security interest, and which collateral (a) is held by the Trustee or a third party agent for the Trustee, (b) is not subject to liens or claims of third parties, (c) has a market value determined as frequently and in an amount sufficient to satisfy the collateralization levels required by Moody's Investors Service and Standard & Poor's to maintain the ratings on the Notes, and (d) will be liquidated if the requisite collateral level is not maintained;

(5) Bankers' acceptances which are issued by a bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) rated "A" or better by Moody's Investors Service and Standard & Poor's; provided, that such banker's acceptances may not exceed 270 days' maturity;

(6) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of \$500,000,000 and that have an "A" or higher rating for the issuer's debentures, other than commercial paper, as provided by Moody's Investors Service and Standard & Poor's; provided that purchases of eligible commercial paper may not exceed 180 days' maturity nor represent more than 10% of the outstanding commercial paper of an issuer corporation;

(7) Notes, warrants or other evidence of indebtedness of any of the states of the United States or of any political subdivision or public agency thereof and rated "A" or better by Standard & Poor's;

(8) Funds invested in the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such Section may be amended or recodified from time to time) so long as any funds so invested by the Trustee are subject to deposit and withdrawal by the Trustee and provided that the Trustee may restrict such investment if necessary to keep moneys available for the purposes of the Indenture;

(9) Any investment agreement with (i) any bank or trust company licensed to do business in any state of the United States or any national banking association (including the Trustee) or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, and rated "A" or better by Moody's Investors Service and Standard & Poor's or (ii) any corporation that is organized and operating within the United States of America and that has total assets in excess of \$500,000,000 and rated "A" or better by Moody's Investors Service and Standard & Poor's; provided, however, that the Trustee is required to withdraw all amounts invested therein if such rating falls below "A", unless (i) such investment agreement shall have been collateralized with securities described in subparagraph (1) hereof or subparagraph (2) hereof (which collateral shall be marked to market weekly at collateral levels required by Moody's Investors Service and Standard & Poor's for investment agreements authorized to be entered into in connection with bonds rated "A" by such rating agencies) and held by the Trustee or a third-party custodian and (ii) the Holders of at least a majority in aggregate principal amount of Outstanding 1999 Series A Notes consent to the continuation of such investment agreement;

(10) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended;

(11) The interest portion of obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and stripped by the United States Government at the Federal Reserve Bank of New York as federal securities; and

(12) Money market funds which invest solely in Permitted Investments or secured by such investments, which money market fund is rated "Am" or better by Standard & Poor's. Such money market funds may include funds for which the Trustee, its parent or its affiliates or subsidiaries provide investment advisory or other management services.

"Project" means, collectively, (1) the approximately 420-space parking facility more fully described in Exhibit A to the Indenture and (2) any Completion Project.

"Renewal and Replacement Annual Contribution" means, as of any date, the amount that, in the opinion of the City Engineer of the City or a Parking Consultant, should be set aside in each Fiscal Year in order to provide for the Renewal and Replacement Requirement, and which amount shall be set forth in the current annual budget for the Project filed by the Authority with the Trustee 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 Engineer of the City or a Parking Consultant, to provide during the next five years (or such longer period not to exceed ten years as such City Engineer or Parking Consultant may specify) 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 shall be set forth in the current annual budget for the Project filed by the Authority with the Trustee in accordance with the Indenture.

"Supplemental Reserve Account Requirement" means, as of any date of calculation, an amount equal to the sum of: (i) two and one-half (2.5) times Maximum Annual Bond Service, plus (ii) an amount, if any, equal to the difference between (a) the amount then on deposit in the Surplus Revenue Fund and (b) the Renewal and Replacement Requirement.

"Surplus Special Tax Revenues" means the special tax revenues on deposit in the Community Facilities Fund under the CFD No. 2001-1 Indenture and paid by the Agency to the Authority pursuant to the Parking Facility Agreement, which payment shall be subordinate in all respects to the use of the proceeds of the Special Tax as defined in and required by the CFD No. 2001-1 Indenture, and shall not exceed the maximum annual amount, and otherwise subject to the terms and conditions, set forth in the Parking Facility Agreement.

"Trustee" means the BNY Western Trust Company, serving as trustee for the Bonds, and any successor thereto or agent thereof.

Construction Fund

The Indenture establishes a Construction Fund, which will be maintained by the Trustee, including the Series A Project Account therein. Moneys in the Series A Project Account within the Construction Fund are required to be used and applied solely for the acquisition, construction and completion of the Project and the payment of costs and expenses incident to the issuance and sale of the Bonds of Series A. Any moneys remaining in the Series A Project Account after all costs of the Project have been paid or provided for will be deposited in the Revenue Fund.

Pledge of Gross Revenues; Flow of Funds

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 such sums, for such purposes, as are expressly permitted by the Indenture. Said pledge shall constitute a first lien on the Gross Revenues for the payment of the Bonds in accordance with their terms.

Pursuant to the Indenture the Trustee shall establish a special fund to be known as the "South Tahoe

Parking Revenue Fund" (the "Revenue Fund"), which will be maintained by the Trustee so long as any of the Bonds are Outstanding. Commencing August 1, 2002, all Gross Revenues shall be transmitted by the Authority to the Trustee at least once in every calendar month and not later than the fifteenth (15th) Business Day of the month next succeeding the month in which such Gross Revenues were received by the Authority. The Trustee will deposit all Gross Revenues to the credit of the Revenue Fund; provided, however, that proceeds of insurance policies or condemnation awards shall 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 this section.

Within the Revenue Fund, the Trustee shall establish a separate account to be known as the "South Tahoe Parking Maintenance and Operation Expenses Account" (the "Maintenance and Operation Expenses Account"), which account will be maintained so long as any of the Bonds are Outstanding. Upon the receipt of the Gross Revenues by the Trustee pursuant to the Indenture, the Trustee shall promptly deposit into the Maintenance and Operation Expenses Account that amount necessary to maintain the balance in such account in an amount not less than the amount of budgeted Maintenance and Operation Expenses for the next succeeding two months as set forth in the budget filed with the Trustee pursuant to the Indenture. At the time the Gross Revenues are transmitted by the Authority to the Trustee pursuant to the Indenture, the Authority shall also send to the Trustee any unpaid bills and invoices for Maintenance and Operation Expenses that are then due and payable. So long as no Event of Default has occurred and is continuing under the Indenture, Maintenance and Operation Expenses of the Project (as set forth in such bills and invoices) shall be paid from time to time by the Trustee from the Maintenance and Operation Expenses Account as the same become due and payable. During any time that an Event of Default has occurred and is continuing under the Indenture, the Trustee shall only apply the amounts on deposit in the Maintenance and Operation Expenses Account to pay such Maintenance and Operation Expenses as may be permitted in accordance with the Indenture.

The Trustee may make refunds of prepaid rents, fees or deposits pursuant to law in connection with the operation of the Project, and the moneys so refunded will be paid from the Revenue Fund.

After the payments required above, the Trustee shall make transfers from the available moneys in the Revenue Fund, for the following purposes, in the following order of priority:

(a) *Bond Account.* The Trustee shall establish a separate account to be known as the "South Tahoe Parking Bond Account" (the "Bond Account"), which account will be maintained so long as any of the Bonds are Outstanding. The Trustee shall establish three sub-accounts within the Bond Account designated as the Bond Interest Account, the Bond Principal Account and the Bond Reserve Account.

(1) *Bond Interest Account.* On or before the fifth business day of each month (and after giving effect to any moneys available in the Series A Capitalized Interest Account for the payment of interest on the Bonds of Series A pursuant to the Indenture), the Trustee shall transfer from available moneys in the Revenue Fund and deposit in the Bond Interest Account, in approximately equal monthly installments, an amount equal to at least one-fifth of the aggregate half-yearly amount of interest becoming due and payable on all Outstanding Bonds during the next ensuing six months, until the requisite half-yearly amount of interest on all of the Outstanding Bonds is on deposit in the Bond Interest Account. (In the event that the first interest payment date with respect to any Series of Bonds shall be less than five months after the date of delivery of said Series of Bonds, such monthly deposits in the Bond Interest Account during the period between said date of delivery and said first interest payment date shall be in such monthly amounts, larger than those provided by the foregoing sentence, as may be necessary to assure that there will be on hand in the Bond Interest Account on said interest payment date an amount sufficient to pay the interest payment then due.) No deposit need be made in the Bond Interest Account if the amount contained therein is at least equal to the interest to become due in the next ensuing six months upon all of the Bonds then Outstanding. 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 the fifth Business Day of each month and after the deposit required pursuant to paragraph (a)(1) above has been made, the Trustee shall transfer from available moneys

in the Revenue Fund and deposit in the Bond Principal Account, in approximately equal monthly installments, an amount at least equal to the sum of (A) one-tenth of the aggregate yearly amount of principal becoming due and payable on the Outstanding Serial Bonds during the next ensuing twelve months and (B) one-tenth of any Mandatory Sinking Account Payment required on any Mandatory Sinking Account Payment date occurring within the next ensuing twelve months. (In the event that the first maturity date or the first Mandatory Sinking Account Payment date with respect to any Series of Bonds is less than ten months after the date of delivery of said Series of Bonds, such deposits in the Bond Principal Account during the period between said date of delivery and said first maturity date or first Mandatory Sinking Account Payment date shall be in such monthly amounts, larger than those provided by the foregoing sentence, as may be necessary to assure that there will be on hand in the Bond Principal Account on said maturity date or Mandatory Sinking Account Payment date an amount sufficient to pay the principal or Mandatory Sinking Account Payment then due.) No deposit need be made in the Bond Principal Account if the amount contained therein is sufficient (i) to pay the principal of all serial Bonds then Outstanding maturing by their terms in the next ensuing twelve months and (ii) to provide any Mandatory Sinking Account Payment required on any Mandatory Sinking Account Payment date occurring within the next ensuing twelve months. 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 they become due and payable or for the purchase or redemption of Bonds prior to their fixed maturity date.

(3) *Bond Reserve Account.* On or before the fifth Business Day of each month and after the deposits required pursuant to paragraphs (a)(1) and (2) have been made, the Trustee shall transfer from available moneys in the Revenue Fund and deposit in the Bond Reserve Account, all moneys that shall be required to maintain a balance in the Bond Reserve Account at least equal to the Bond Reserve Account 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 shall be applied solely in accordance with its terms for the purpose of paying the principal of or interest on the Series of 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 Bond Reserve Account 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 Bond Reserve Account Requirement, the Trustee will withdraw the amount of such excess from said fund and transfer such amount to the Revenue Fund unless the Authority directs the Trustee to deposit such excess into the Extraordinary Redemption Account for the extraordinary redemption of Bonds. Except for such withdrawals, moneys in the Bond Reserve Account will be used and withdrawn for the purpose of paying the principal of or interest on the Bonds, or making Mandatory Sinking Account Payments, 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 of the Bonds then Outstanding.

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

(1) On or before the fifth Business Day of each month and after the deposits required pursuant to paragraph (a) have been made, any moneys remaining in the Revenue Fund shall be deposited by the Trustee into the Supplemental Reserve Account, as follows:

(i) all such moneys shall be so deposited until the balance in the Supplemental Reserve Account is equal to the Supplemental Reserve Account Requirement; and

(ii) thereafter, all or any portion of such moneys shall be so deposited in order to maintain such balance at the Supplemental Reserve Account Requirement; and

(iii) during any period in which the Authority has not satisfied the Actual Coverage Test pursuant to the Indenture or the amount of Surplus Special Tax Revenues for the immediately prior Fiscal Year are not at least equal to \$190,000, all such moneys shall be so deposited and shall be retained by the Trustee during such period in the Supplemental Reserve Account.

(2) So long as the Authority has satisfied the Actual Coverage Test pursuant to the Indenture, 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 Bond Interest Account and in the Bond Principal Account and the Bond Reserve Account is 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. Moneys in the Supplemental Reserve Account shall be used and withdrawn solely for the purpose of (i) paying any Maintenance and Operation Expenses then due and payable (but only to the extent that amounts on deposit in the Maintenance and Operation Expenses Account are not sufficient to make such payments) or 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); or (ii) paying the principal of or interest on the Bonds, or making Mandatory Sinking Account Payments (but only to the extent that amounts then on deposit in the Bond Interest Account and the Bond Principal Account within the Bond Account are not sufficient to make such payments), or (iii) for the retirement of all of the Bonds then Outstanding (either upon maturity or redemption) in accordance with their terms, or (iv) withdrawing funds for special redemption in accordance with the immediately succeeding paragraph.

The Authority may file a Written Order of the Authority with the Trustee that directs the Trustee to withdraw all or any part of any amount on deposit in the Supplemental Reserve Account in excess of the Supplemental Reserve Account Requirement and deposit such amount in the Extraordinary Redemption Account in the Bond Redemption Fund for purposes of redeeming the Bonds of Series A in accordance with the Indenture; provided, that such withdrawal, deposit and redemption shall only be made if such Written Order of the Authority is accompanied by a Certificate of the Financial Consultant which confirms that, if such redemption had occurred at the beginning of the two immediately preceding Fiscal Years, the Authority would have been in compliance with the Actual Coverage Test during each of such Fiscal Years.

(c) *Surplus Revenue Account.* The Trustee shall 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. Any moneys remaining in the Revenue Fund at the close of any Fiscal Year, after the requirements of the foregoing paragraphs (a) and (b) have been satisfied, shall be deposited by the Trustee in the Surplus Revenue Account. So long as no Event of Default has occurred and is continuing under the Indenture, moneys on deposit in the Surplus Revenue Account may be applied or withdrawn upon the filing of a Written Request of the Authority with the Trustee for any of the following purposes –

- (1) to redeem Bonds prior to maturity in accordance with the Indenture;
- (2) to purchase Bonds at prices not exceeding their par value or then current redemption price, whichever is greater, plus accrued interest, which Bonds shall be cancelled;
- (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 or the Agency or the City for any lawful purpose.

Bond Redemption Fund

The Indenture establishes a Bond Redemption Fund, which shall be maintained by the Trustee pursuant to the Act, including a separate Optional Redemption Account and a separate Special Redemption Account therein and a separate Extraordinary Redemption Account therein. All amounts deposited into the Optional Redemption Account, the Special Redemption Account and 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 shall not exceed the par value of such Bonds.

Rebate Fund

The Indenture establishes within the Construction Fund a fund separate from any other fund established and maintained under the Indenture designated as the "Rebate Fund." The Trustee shall establish and maintain within the Rebate Fund a separate subaccount designated as the "Series A Rebate Account." There shall be deposited in the Rebate Fund from Surplus Revenues or other lawfully available funds such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund and any subaccount therein will be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America.

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 in Permitted Investments upon the written direction of the Authority. The Trustee may rely upon any investment direction from the Authority as a certification to the Trustee that such investment constitutes a Permitted Investment. In the absence of direction from the Authority, the Trustee will invest in money market funds as provided by clause (12) of the definition of Permitted Investments. The Trustee (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Trustee under the Indenture and may impose its customary charges therefor, and the Trustee shall not be responsible for any loss suffered in connection with any investment made in accordance with the Indenture. For investment purposes only, the Trustee may combine the funds and accounts established under the Indenture, but the Trustee shall account separately for each such fund and account.

Insurance

Under the Indenture, the Authority is required to procure and maintain certain minimum levels of insurance described 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 80% of the full insurable value of the Project;

(2) Business interruption insurance on each facility constituting a portion of 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 Revenue Fund from the Gross Revenues of the damaged portion of the Project during a period of 24 months following a loss caused by perils covered by fire and extended coverage insurance or earthquake insurance (if available as described above);

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

(4) Public liability insurance, with limits of not less than \$1,000,000 for one Person and \$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 paragraphs (1) – (4), 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 shall 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).

The proceeds of any insurance policy and the proceeds of any condemnation awards with respect to Project shall 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 pursuant to the Indenture. In the event the Authority elects to repair or replace the property damaged, destroyed or taken, moneys in the Insurance and Condemnation Proceeds Fund shall 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 with respect to disbursements from a Construction Fund, to the extent reasonably applicable. Proceeds in the amount of less than \$1,000,000 may be deposited to any fund or account of the Authority and applied to any lawful purpose. In the event the Authority elects not to repair or replace the property damaged, destroyed or taken, the Authority will transfer all amounts on deposit in the Insurance and Condemnation Proceeds Fund related thereto to the Special Redemption Account held by the Trustee, and used to redeem Bonds pursuant to the Indenture.

Issuance of Additional Bonds

The Indenture allows the Authority to issue Additional Bonds upon certain terms and conditions. Such terms and conditions relate primarily to the purpose and legality of such issues, the security for such issues and the manner of issuance.

The Authority may from time to time duly issue Additional Bonds, pursuant to the Indenture and subject to any aggregate principal amount limitation imposed by law, the Indenture or any Supplemental Indenture, for any one of the following purposes:

- to provide moneys needed to acquire, install, construct or complete a Completion Project including reimbursement of any sums advanced by the Authority on account of any such Completion Project;
- to refund all or part of the Bonds of any one or more Series then Outstanding.

The Indenture further conditions the issuance of Additional Bonds upon full compliance by the Authority with all covenants and undertakings set forth in the Indenture or any Supplemental Indenture. In addition, all Additional Bonds issued under the Indenture must be equally and ratably secured with all Bonds Outstanding.

The Indenture also requires that estimated Net Operating Revenues during the Fiscal Year next succeeding the estimated completion date of the Completion Project to be financed with the proceeds of such additional Series of Bonds, as set forth in a Certificate of the Financial Consultant filed with the Trustee, including the Net Operating Revenues to be derived from such Completion Project, equal at least 1.3 times Net Maximum Annual Bond Service for such Fiscal Year.

The foregoing paragraph shall not apply to (i) additional Series of Bonds issued to refund all or part of the Bonds if, as set forth in a Certificate of the Authority filed with the Trustee, the Maximum Annual Bond Service following such issuance is less than if such additional Series of Bonds were not issued; or (ii) bonds or other obligations of the Authority which are secured by a pledge or lien on Gross Revenues that is expressly stated to be junior and subordinate to the pledge of Gross Revenues under the Indenture.

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 thereof. 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 shall 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 shall 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 pledge, lien or charge upon all or any part of the Project or Gross Revenues except an encumbrance, pledge, lien or charge expressly stated to be inferior and subordinate to the lien of the Indenture.

The pledge and lien upon the Surplus Special Tax Revenues created under the Indenture shall be terminated and Gross Revenues will no longer include any amount of Surplus Special Tax Revenues upon the filing of a Certificate of the Authority with the Trustee confirming that all of the following conditions have been satisfied: (1) based upon the audited financial statements of the Authority, during each of the immediately preceding 3 successive Fiscal Years the amount of Net Operating Revenues during each such Fiscal Year has been not less than 150% of Maximum Annual Bond Service; (2) the amount on deposit in the Supplemental Reserve Account is not less than the Supplemental Reserve Account Requirement; and (3) no Event of Default (or any event which, with the passage of time or notice or both would constitute an Event of Default) has occurred and is continuing.

Establishment of Regulations, Rates and Charges. (a) Prospective Coverage Test. Upon completion of construction of the Project, and 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 shall be required to generate in the then current Fiscal Year Operating 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 1.3 times Net Maximum Annual Bond Service for the Bond Year commencing in such Fiscal Year (the "Prospective Coverage Test").

(b) Actual Coverage Test. On or before December 1 in each year, commencing on the December 1 next following the completion of not less than 12 months of operations for the Project (as evidenced by the Certificate of the Authority filed with the Trustee), the Authority shall file with the Trustee a Certificate of the Financial Consultant calculating the actual ratio of Net Operating Revenues for the immediately preceding Fiscal Year to Net Maximum Annual Bond Service for the Bond Year commencing during such Fiscal Year. The Authority shall take all reasonable actions to assure that (i) such ratio is not less than 1.3:1; and (ii) Surplus Special Tax Revenues for the immediately preceding Fiscal Year, commencing with the Fiscal Year ending September 30, 2006, are not less than \$190,000 (the "Actual Coverage Test").

In the event that at any time after the Actual Coverage Test has taken effect the Actual Coverage Test is not met because the ratio set forth in such Certificate of the Financial Consultant is less than 1.3:1, the Authority and Trustee shall take the following actions:

(i) on or before the fifth Business Day of December and the fifth Business Day of each month thereafter, the Trustee shall make the deposits to the Supplemental Reserve Account required pursuant to the Indenture and shall continue to make such monthly deposits to the Supplemental Reserve Account (regardless of whether the amount then on deposit in the Supplemental Reserve Account is equal to or greater than the Supplemental Reserve Account Requirement) until such time as the Authority has filed its Certificate of the Financial Consultant with the Trustee certifying that it has satisfied the Actual Coverage Test for 2 successive Fiscal Years; and

(ii) the Authority shall promptly retain the services of a Parking Consultant. Such Parking Consultant shall 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 and the 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 and the Trustee continues to make the required deposits to the Supplemental Reserve Account pursuant to the Indenture, failure to comply with the Prospective Coverage Test and the Actual Coverage Test will not constitute an Event of Default under the Indenture.

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 hereinafter provided in this section. 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 section, as a replacement for the facility sold or abandoned, for the Fiscal Year next succeeding the estimated date of completion of such replacement facility shall be not less than 1.3 times the Net Maximum Annual Bond Service for such Fiscal Year.

The foregoing conditions do not apply in the event the Authority sells, abandons or otherwise disposes of any part of the Project which produced 2% or less of the Net Operating Revenues for the preceding 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 shall 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 contained in the Indenture shall 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.

Construction, Operation and Maintenance of Project; Annual Budget for the Project. The Authority shall diligently cause the construction, acquisition and improvement of the Project to proceed with all practical dispatch. 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 shall deem appropriate.

No later than December 1, 2002 and on October 1 of each Fiscal Year thereafter the Authority agrees to prepare and to file with the Trustee a budget for the Project for such Fiscal Year. Such budget shall describe for each month during the Fiscal Year the anticipated receipts of Gross Revenues, costs and expenses for the Project and such other matters as the Authority shall deem necessary or appropriate, and shall include all anticipated Gross Revenues, Maintenance and Operation Expenses, Annual Bond Service payments, the Renewal and Replacement Requirement and the Renewal and Replacement Annual Contribution for such Fiscal Year. The Authority shall at all times undertake to operate the Project in accordance with the then current budget. Not less frequently than quarterly during each Fiscal Year, the Authority shall review such budget against the actual operating results for the Project and make such adjustments to the rentals, rates, fees and charges for the Project, the Maintenance and Operation Expenses and take such other actions as may be reasonably necessary to maintain Net operating Revenues at the amount stated in the budget and to satisfy the requirements of the Indenture.

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.

Tax Covenants. The Authority will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority or take or omit to take any action that would cause interest on the Bonds to be subject to federal income taxation. In particular, the Authority will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority or take or omit any action that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Internal Revenue Code of 1954, as amended. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Authority shall comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Bonds.

Certain agreements, requirement and procedures contained or referred to in the Indenture, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Any such change may occur or action may be taken or omitted upon the advice or approval of Bond Counsel other than the Bond Counsel that rendered a final opinion with respect to the Bonds upon their original issuance, only if the Authority obtains from such Bond Counsel an opinion, substantially to the effect that interest on the Bonds is excluded from gross income for federal income tax purposes.

Events of Default; Acceleration; Remedies

Pursuant to the Indenture the following constitute Events of Default:

- (1) Default in the due and punctual payment of the principal of, or premium (if any) or interest on, any Bond Outstanding when due and payable, whether at maturity, by proceedings for redemption, by declaration or otherwise;
- (2) Default by the Authority in the performance or observance of any other covenant, agreement or condition in the Indenture or in the Bonds, if such default continues for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee or to the Authority and the Trustee by the holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding.

During the continuance of one or more of the Events of Default described above, the Trustee, by notice in writing to the Authority, may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time, shall, declare the principal of all such Bonds then Outstanding and the interest accrued thereon to be due and payable immediately unless the principal of all the Bonds Outstanding is already due and payable. If at any time after the acceleration of the principal of the Bonds Outstanding and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, however, the Authority shall pay or shall 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, plus an amount sufficient to cover the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor then, the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority and to the Trustee, may rescind and annul such declaration and its consequences.

No owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, or for any remedy under or upon the Indenture, unless (a) such owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Indenture; (b) the owners of at least a majority in aggregate amount of all Bonds then Outstanding under the Indenture shall have made a written request upon the Trustee to

exercise the powers granted the Trustee pursuant to the Indenture or to institute such action, suit or proceeding in its own name; (c) said owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such requests; and (d) the Trustee shall have refused or omitted to comply with such requests for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Amendments

The Authority and the Trustee may amend the Indenture by Supplemental Indentures, without the consent of the owners of Bonds Outstanding, to add to the covenants and agreements of the Authority in the Indenture, to cure any ambiguity or defective provision in the Indenture which will not materially adversely affect the interests of the owners of the Bonds, to authorize the issuance of Additional Bonds and to make certain other changes as described in the Indenture. The Authority and the Trustee may enter into Supplemental Indentures amending any other provision of the Indenture with the consent of the holders of not less than 60% in aggregate principal amount of the Bonds Outstanding; provided, however, that no such Supplemental Indenture shall (1) extend the fixed maturity of the Bonds or reduce the rate of interest thereon or extend the time for payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof without consent of the holder 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 Bonds required to approve any such Supplemental Indenture without the consent of the owners of all Bonds then Outstanding.

Defeasance

If the Authority shall pay or cause to be paid and discharge the entire indebtedness on all Bonds of any Series Outstanding (1) by paying or causing to be paid the principal of, premium, if any and interest on such Bonds Outstanding as and when the same become due and payable; (2) by depositing with the Trustee money or securities in the necessary amount to pay or redeem all such Bonds Outstanding; or (3) by delivering to the Trustee for cancellation by it, all such Bonds Outstanding, and if the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority, the Indenture and the pledge of Gross Revenues will cease, terminate, and become null and void. Money or securities in the necessary amount to pay or redeem Bonds Outstanding may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture (exclusive of the Construction Fund) and shall be either (a) lawful money of the United States of America in an amount equal to the principal of, premium, if any and unpaid interest on such Bonds or (b) direct obligations of the United States of America the principal of and interest on which when due will provide money sufficient to pay the principal of, premium, if any and unpaid interest on such Bonds when due. In either case, the Trustee must have been irrevocably instructed (by the terms of the Indenture or a Written Request of the Authority) to apply money or the proceeds of such securities to the payment of redemption of Bonds.

PARKING FACILITY AGREEMENT

Transfer of the Site; Payment of Surplus Special Tax Revenues

(A) The Agency shall take all actions as may be directed by the Authority to transfer all necessary and appropriate interests in the real property described in Exhibit A to the Parking Facility Agreement (the "Site") to or upon the order of the Authority so that the Authority may provide the Project as provided in the Parking Facility Agreement.

(B) On or before the first day of each month, commencing August 1, 2002, the Agency shall pay the Surplus Special Tax Revenues to the Authority for deposit by the Authority into the Revenue Fund pursuant to the Indenture; provided, however, that in any Fiscal Year the amount of Surplus Special Tax Revenues paid pursuant to this section shall not exceed \$190,000. In accordance with Section 7.02 of the CFD No. 2001-1 Indenture, the obligation of the Agency to pay Surplus Special Tax Revenues pursuant to this section shall be subordinate in all respects to the use of the proceeds of the Special Tax as defined in and provided in the CFD No. 2001-1 Indenture.

So long as the provisions of this paragraph remain in force, the Agency shall not issue any Additional Bonds pursuant to, and as that term is defined in, the CFD No. 2001-1 Indenture. Any bonds or other indebtedness of the Agency issued after the date of the Parking Facility Agreement and secured by a pledge of or lien upon the Special Tax Revenues (as that term is defined in the CFD No. 2001-1 Indenture) shall be payable on a parity with the Agency's obligations to pay Surplus Special Tax Revenues under the Parking Facility Agreement and the Authority's obligation to apply such Surplus Special Tax Revenues in accordance with the terms of the Indenture.

(C) Subject to paragraph (D) below, the Agency shall take all actions permitted by law that are necessary or desirable to cause the levy of the Special Tax during each Fiscal Year to be in an amount fully sufficient to satisfy all of the requirements of the CFD No. 2001-1 Indenture and to permit the Agency to make the deposit of Surplus Special Tax Revenues pursuant to paragraph (B) above.

(D) The payment of Surplus Special Tax Revenues by the Agency pursuant to paragraph (B) shall no longer be required after the pledge and lien upon the Surplus Special Tax Revenues created by the Indenture shall be terminated and the Gross Revenues shall no longer include any amount of Surplus Special Tax Revenues in accordance with the Indenture, which requires the filing of a Certificate of the Authority with the Trustee confirming that all of the following conditions have been satisfied: (1) based upon the audited financial statements of the Authority, during each of the immediately preceding 3 successive Fiscal Years the amount of Net Operating Revenues during each such respective Fiscal Year has been not less than 150% of Maximum Annual Bond Service; (2) the amount on deposit in the Supplemental Reserve Account is not less than the Supplemental Reserve Account Requirement; and (3) no Event of Default (or any event which, with the passage of time or notice or both would constitute an Event of Default) has occurred.

Planning, Design and Construction of the Project

The Authority shall take all necessary and appropriate actions to provide for the planning, design, construction, improvement and acquisition of the Project with all practical dispatch.

The Authority shall from time to time pay for the costs of the planning, design, construction, acquisition and improvement of the Project by filing its Written Request of the Authority with the Trustee pursuant to the Indenture, so that all such costs are promptly paid in full.

Operation of the Project

The Authority shall 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.

The Authority shall pay for the costs and expenses of the operation and maintenance of the Project by filing its Written Request of the Authority with the Trustee pursuant to the Indenture, so that all such costs and expenses are promptly paid in full.

Limited Obligation

Notwithstanding any other provision of the Parking Facility Agreement, the City, the Authority and the Agency shall 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.

Attachment 4

*Detailed Description of Community
Facilities District 2001-1*

THE COMMUNITY FACILITIES DISTRICT

The District

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 "CFD Act"). The CFD 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 CFD 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 Agency Governing Board (the "Governing Board") has organized and acts as the legislative body of its South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) (the "District") pursuant to the CFD Act.

Summary of District Proceedings

Pursuant to the CFD Act and Resolution Nos. 2001-5 and 2001-6 adopted by the Governing Board on April 3, 2001, the District was initially formed including only Zone A, bonded indebtedness in an aggregate principal amount not to exceed \$30,000,000 and a Rate and Method of Apportionment of Special Taxes for the District were authorized and an election was called pursuant to the CFD Act for approval of those matters. The qualified electorate of the District voted in favor of the incurrence of bonded indebtedness and levy of a special tax on taxable property within the District to pay the principal and interest on the Bonds, to pay for the Public Facilities, to pay administrative expenses of the District, and to make any replenishment to the Bond Reserve Fund. On July 17, 2001 the Governing Board declared the results of the election by adoption of its Resolution 2001-9 and also adopted its Resolution No. 2001-10 approving a revised statement of the Rate and Method of Apportionment of Special Taxes for the District. An initial Notice of Special Tax Lien on the Zone A property within the District was recorded in the Official Records of El Dorado County on October 15, 2001 as Document No. 2001-0063673. Ordinance No. 913, an Ordinance Levying Special Taxes on property within the District, was adopted and became effective November 13, 2001. By Resolution No. 2001-13 adopted November 13, 2001, the Governing Board approved the CFD No. 2001-1 Indenture and authorized issuance of the District's Special Tax Bonds, Series 2001 which were then issued in the aggregate principal amount of \$6,870,000 on December 19, 2001.

On June 18, 2002 the qualified electorate of Zone A 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 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. See "THE COMMUNITY FACILITIES DISTRICT – Special Tax Formula" herein and APPENDIX G – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX. 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 (Zone A and Zone B) will be recorded in the Official Records of El Dorado County.

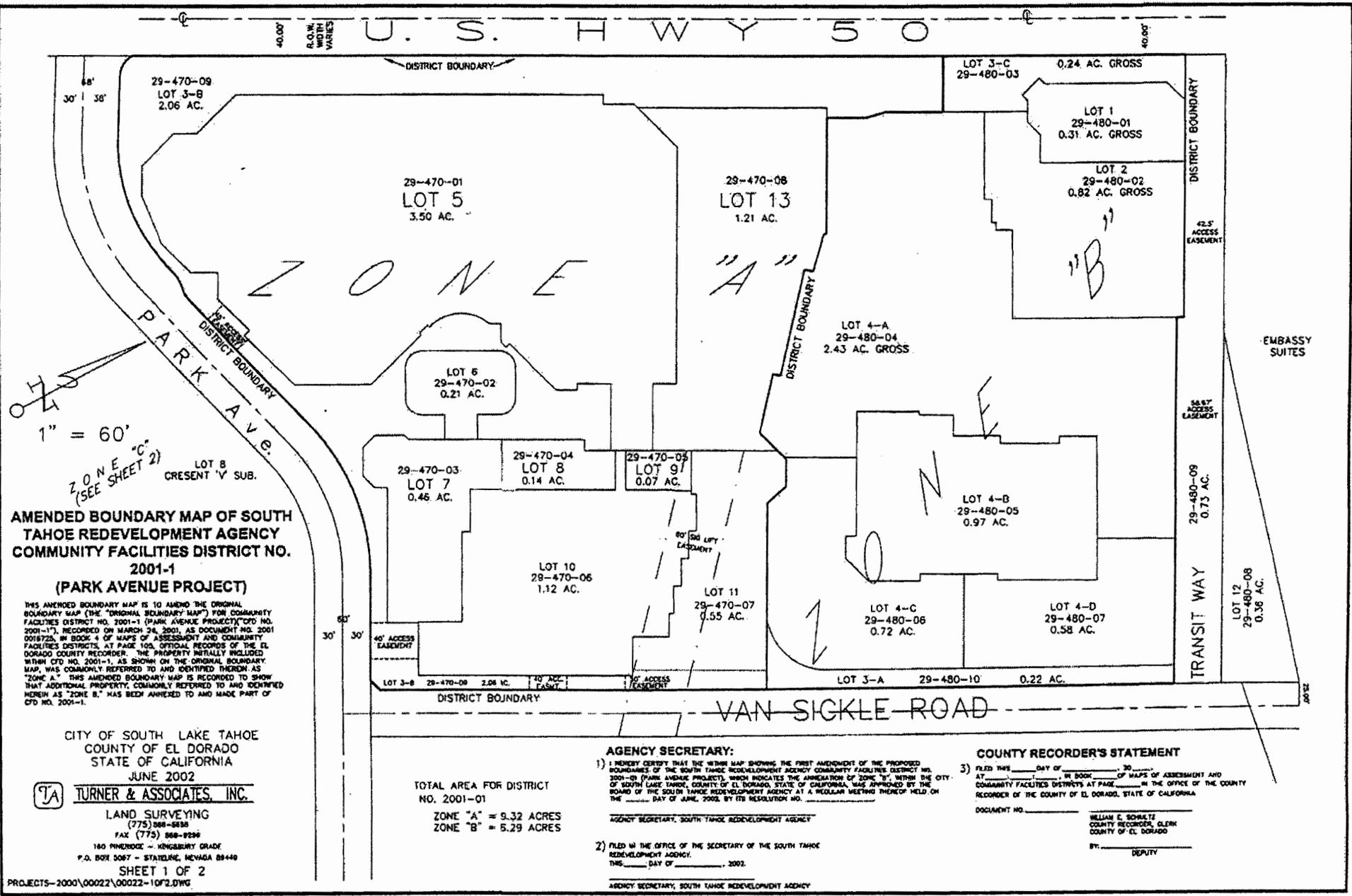
Public Facilities

The District is authorized to finance the Project with proceeds of bonds or direct payment from accumulated Special Tax revenues not required for debt service and administrative expenses of the District under the CFD No. 2001-1 Indenture. The transfer by the Agency of Surplus Special Tax Revenue to the Authority constitutes such direct payment of Special Tax revenues not required for debt service and administrative expenses of the District.

Location

The District boundaries as initially formed encompassed an area of approximately 9.32 acres designated "Zone A" which includes (a) approximately 5.38 acres of private development property (Lots 5, 7, 8, 9 and 13) that will be subject to Special Tax levies and (b) approximately 3.94 acres of property (Lots 3, 6, 10 and 11) that will be used for perimeter landscaping, a public ice rink, open space and a parking garage, all of which will be exempt from Special Taxes of the District. The parking garage that is the Project will be located on Lot 10 in Zone A. By annexation, Zone B has been added to the District, which includes (a) approximately 5.01 acres of private development property (Lots 1, and 4A through 4D) that will be Taxable Property subject to Special Tax Levies, and (b) approximately 1.28 acres (Lots 2, 3A and 3C that will be used for perimeter landscaping and an intermodal transportation facility, and which will be exempt from Special Tax. Additional property across Park Avenue from the District identified as Zone C has been designated for possible future annexation into the District. Zone C is not now in the District and there can be no assurance as to when or if it will be annexed into the District in the future. **Only Zone A and Zone B are presently within the District and only the taxable property within Zone A and Zone B are presently subject to its Special Taxes.**

The District is generally located on the southeast corner of U.S. Highway 50 and Park Avenue in the City. The District is bounded by U.S. Highway 50 on the north, Park Avenue on the west, Van Sickle Road on the south and the Embassy Suites Hotel on the east. See the Amended Boundary Map of South Tahoe Redevelopment Agency Community Facilities District No. 2001-01 (Park Avenue Project) (the "District Boundary Map") reproduced in this section. The initial District Boundary Map was approved by the Governing Board and was filed in the Official Records of El Dorado County on March 28, 2001 in Book 4 at Page 105 as Document No. 2001-0016725 and the Amended Boundary Map of the District will be filed in the Official Records of El Dorado County.



40.00' R.O.W. WIDTH VARIES U.S. HWY 50 40.00'

29-470-09 LOT 3-B 2.06 AC.
 29-470-01 LOT 5 3.50 AC.
 29-470-08 LOT 13 1.21 AC.
 29-470-06 LOT 6 0.21 AC.
 29-470-04 LOT 8 0.14 AC.
 29-470-05 LOT 9 0.07 AC.
 29-470-03 LOT 7 0.46 AC.
 29-470-06 LOT 10 1.12 AC.
 29-470-07 LOT 11 0.55 AC.
 29-480-03 LOT 3-C 0.24 AC. GROSS
 29-480-01 LOT 1 0.31 AC. GROSS
 29-480-02 LOT 2 0.82 AC. GROSS
 29-480-04 LOT 4-A 2.43 AC. GROSS
 29-480-05 LOT 4-B 0.97 AC.
 29-480-06 LOT 4-C 0.72 AC.
 29-480-07 LOT 4-D 0.58 AC.
 29-480-10 LOT 3-A 0.22 AC.
 29-480-09 0.73 AC.
 29-480-08 0.36 AC.

ZONE "A"
 ZONE "B"

PARK AVE.
 VAN SICKLE ROAD

EMBASSY SUITES
 TRANSIT WAY

42.5' ACCESS EASEMENT
 58.87' ACCESS EASEMENT
 80' SIDE LOT EASEMENT
 40' ACCESS EASEMENT
 40' ACCESS EASEMENT

DISTRICT BOUNDARY

1" = 60'
 ZONE "C"
 (SEE SHEET 2)

AMENDED BOUNDARY MAP OF SOUTH TAHOE REDEVELOPMENT AGENCY COMMUNITY FACILITIES DISTRICT NO. 2001-1 (PARK AVENUE PROJECT)

THIS AMENDED BOUNDARY MAP IS TO AMEND THE ORIGINAL BOUNDARY MAP (THE "ORIGINAL BOUNDARY MAP") FOR COMMUNITY FACILITIES DISTRICT NO. 2001-1 (PARK AVENUE PROJECT) (CFO NO. 2001-1), RECORDED ON MARCH 24, 2001, AS DOCUMENT NO. 2001-016725, IN BOOK 4 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, AT PAGE 100, OFFICIAL RECORDS OF THE EL DORADO COUNTY RECORDER. THE PROPERTY INITIALLY INCLUDED WITHIN CFO NO. 2001-1, AS SHOWN ON THE ORIGINAL BOUNDARY MAP, WAS COMMONLY REFERRED TO AND IDENTIFIED THEREIN AS "ZONE A." THIS AMENDED BOUNDARY MAP IS RECORDED TO SHOW THAT ADDITIONAL PROPERTY, COMMONLY REFERRED TO AND IDENTIFIED HEREIN AS "ZONE B," HAS BEEN ANNEXED TO AND MADE PART OF CFO NO. 2001-1.

CITY OF SOUTH LAKE TAHOE
 COUNTY OF EL DORADO
 STATE OF CALIFORNIA
 JUNE 2002

TA TURNER & ASSOCIATES, INC.
 LAND SURVEYING
 (775) 868-8836
 FAX (775) 868-9296
 180 PINEHURST - KINGSBURY TRAIL
 P.O. BOX 3067 - STATELINE, NEVADA 89440

SHEET 1 OF 2
 PROJECTS-2001\00022\00022-1 OF 2.DWG

TOTAL AREA FOR DISTRICT NO. 2001-01
 ZONE "A" = 9.32 ACRES
 ZONE "B" = 5.29 ACRES

AGENCY SECRETARY:

1) I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE FIRST AMENDMENT OF THE PROPOSED BOUNDARIES OF THE SOUTH TAHOE REDEVELOPMENT AGENCY COMMUNITY FACILITIES DISTRICT NO. 2001-01 (PARK AVENUE PROJECT), WHICH INDICATES THE ANNEXATION OF ZONE "B," WITHIN THE CITY OF SOUTH LAKE TAHOE, COUNTY OF EL DORADO, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF THE SOUTH TAHOE REDEVELOPMENT AGENCY AT A REGULAR MEETING THEREOF HELD ON THE _____ DAY OF JUNE, 2002, BY ITS RESOLUTION NO. _____

AGENCY SECRETARY, SOUTH TAHOE REDEVELOPMENT AGENCY

2) FILED IN THE OFFICE OF THE SECRETARY OF THE SOUTH TAHOE REDEVELOPMENT AGENCY, THIS _____ DAY OF _____, 2002.

AGENCY SECRETARY, SOUTH TAHOE REDEVELOPMENT AGENCY

COUNTY RECORDER'S STATEMENT

3) FILED THIS _____ DAY OF _____, 2002, AT _____ IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF EL DORADO, STATE OF CALIFORNIA.

DOCUMENT NO. _____

WILLIAM E. SCHMIDT
 COUNTY RECORDER, CLERK
 COUNTY OF EL DORADO

BY: _____ DEPUTY

Future Annexation Area

Property across Park Avenue from Zone A and Zone B which is identified in the District Boundary Map as "Zone C" has been designated for possible future annexation into the District. Zone C will be subject to Special Taxes only if, and when, it is later annexed into the District. *Zone C is not now in the District and there can be no assurance as to when or if Zone C will be annexed into the District in the future.*

Special Tax Formula

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 of Apportionment of Special Tax (the "Special Tax Formula"), the complete text of which is contained in APPENDIX G – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX. The Special Tax is to be levied each fiscal year on all non-exempt taxable property and when collected will be used to pay Bond principal and interest, administrative costs, and to replenish the Bond Reserve Fund.

Special Taxes will be calculated each year and the amount levied on each parcel will be dependent on the amount of bonds and other debt (which includes the obligation to levy Special Taxes sufficient to generate the Surplus Special Tax Revenues pledged to the Bonds) of the District outstanding, the cost of administration of the District, the portion of Zone C that may have been annexed into the District, and the amount of development that has occurred in the District in the prior year.

Taxable Property. The Taxable Property in Zone A and Zone B of the District consists of the following.

(i) Lot 13 on which Heavenly Valley has constructed a Gondola Base Station that commenced operations in December 2000, that will be subject to Special Taxes of the District to be levied on Lot 13.

(ii) Lots 5, 8 and 9 on which Heavenly Resort Properties is currently constructing its Marriott Grand Residence Club at Lake Tahoe (the "Marriott Grand Residence") which includes;

(A) 199 residential condominium units that are being marketed as 796 quarter share interval ownerships (each a "Quartershare") that will be subject to Special Taxes of the District to be levied on each Quartershare interest; and

(B) Commercial floor area and commercial condominiums that contain approximately 84,635 square feet of commercial and office space ("Commercial Space"), all of which will be subject to Special Taxes of the District to be levied on each square foot of gross leaseable area.

(iii) Lot 7 on which TSI plans to construct the Cinema Annex to include a minimum of 26,225 square feet of commercial space including office, retail shop, and multi-screen cinema uses (also, "Commercial Space"), all of which will be subject to Special Taxes of the District to be levied on each square foot of gross leaseable area.

(iv) Lots 4A on which MORI is currently constructing Phase One of its Timber Lodge project which includes:

(A) 145 residential condominium units that are being marketed as 7,395 weekly time share interval ownerships (each a "Timeshare") that will be subject to Special Taxes of the District to be levied on each Timeshare interest; and

(B) that contain approximately 10,486 square feet of commercial and office space ("Commercial Space") within Timber Lodge, all of which will be subject to Special Taxes of the District to be levied on each square foot of gross leaseable area.

(v) Lots 4C and 4D on which MORI intends to develop Phase Two and Phase Three of its Timber Lodge project

(vi) Lot 1 on which Cecil's intends to construct its Fountain Plaza project to include approximately 24,041 square feet of commercial space including restaurant, nightclub, retail shop and day spa uses (also, "Commercial

Space"), all of which will be subject to Special Taxes of the District to be levied on each square foot of gross leaseable area.

Non-Contingent Special Tax. The expected commencement and initial rates of Non-Contingent Special Taxes are as follows:

- The Gondola Base Station Lot 13 will be taxed \$121,440 per year beginning in fiscal year 2002-03; provided that, by Ordinance No. 918 adopted June 18, 2002, the Agency has agreed to levy only 50% of the Non-Contingent Special Tax rate on Lot 13 in fiscal year 2002-03.
- Each Quartershare in the Marriott Grand Residence (which constitutes 13 Zone A Ownership Units as defined in the Special Tax Formula) will be taxed at a maximum rate of \$462.28 (\$35.56 per Ownership Unit) per fiscal year beginning the later of the date of its sale by the Developer to a retail customer or receipt of a certificate of completion for the Marriott Grand Residence project, prorated from such date through the end of the fiscal year, except that after June 1, 2005 (the "Imposition Date") all Quartershares will be subject to tax regardless of whether they have been sold to a retail customer. Prior to the Imposition Date, the tax rate actually levied on Zone A Ownership Units will be reduced by the amount of Special Taxes levied on Zone B Ownership Units. After the Imposition Date, Quartershares will be taxed at a rate of \$231.14 (\$17.78 per Ownership Unit) with no offset from Special Taxes levied on Zone B Ownership Units.
- Each Timeshare in the Timber Lodge (which constitutes 1 Zone B Ownership Unit as defined in the Special Tax Formula) will be taxed at the rate of \$14.32 per fiscal year beginning upon the date of its sale by the Developer to a retail customer, prorated from the date of the sale through the end of the fiscal year, except that after the Imposition Date all Timeshares will be subject to tax regardless of whether they have been sold to a retail customer. After the Imposition Date, Timeshares will be taxed at a rate of \$24.39 per fiscal year if only Phase One is completed; at a rate of \$18.33 per fiscal year if Phases One and Two are completed; and at a rate of \$14.32 per fiscal year if all three phases are completed.
- Commercial Space in Zone A and Zone B will be taxed \$0.64 per square foot of gross leasable area, provided that a certificate of occupancy for that area has been issued. Although Commercial Space is currently under construction as part of the Marriott Grand Residence and the Timber Lodge projects, certificates of occupancy cannot be obtained unless certain conditions are satisfied, including the requirement that parking be provided. It is the Agency's intention to provide parking to the Commercial Space by building the public parking garage on Lot 10 within the District, which is the Project being financed by issuance of the Bonds. Because the Agency has not yet commenced or completed construction of the Project, there is no assurance that the Commercial Space will be able to obtain certificates of occupancy.

The above Non-Contingent Special Tax rates are not subject to increase.

Revenue Neutrality Special Tax. The expected commencement and initial rates for the Revenue Neutrality Special Tax are as follows:

- The Gondola Base Station Lot 13 will be taxed \$27,000 per year beginning in fiscal year 2002-03; provided that, by Ordinance No. 918 adopted June 18, 2002, the Agency has agreed to levy only 50% of the Revenue Neutrality Special Tax rate on Lot 13 in fiscal year 2002-03.
- Each Quartershare in the Marriott Grand Residence (Zone A Ownership Units) will be taxed \$50.83 per fiscal year beginning upon the date of its sale by the Developer to a retail customer, prorated from the date of sale through the end of the fiscal year, except that after the Imposition Date all Quartershares will be subject to tax regardless of whether they have been sold to a retail customer.
- Each Timeshare in the Timber Lodge (Zone B Ownership Units) will be taxed at the rate of \$17.90 per fiscal year beginning upon the date of its sale by the Developer to a retail customer, prorated from

the date of the sale through the end of the fiscal year, except that after the Imposition Date all Timeshares will be subject to tax regardless of whether they have been sold to a retail customer.

- Commercial Space in Zone A and Zone B will be taxed \$0.19 per square foot of gross leasable area, provided that a certificate of occupancy for that area has been issued.

The above Revenue Neutrality Special Tax rates are not subject to increase.

Other Special Taxes. Taxable Property within the District is also subject to (i) a possible Contingent Special Tax if property tax increment received by the Agency and transient occupancy taxes received by the Agency, from development within the Park Avenue Project, do not reach certain levels and (ii) a Backup Special Tax that would be levied if there is any change in expected land use of a parcel within the District.

Projected Special Tax Revenues

The District's Special Tax Consultant, Fraser & Associates, has projected the Special Tax revenues expected to be generated by annual levies of Special Tax on Taxable Property in the District, the application of such revenues as required by the CFD No. 2001-1 Indenture including deposits to the Community Facilities Fund, and the expected transfers by the Agency of moneys in the Community Facilities Fund to the Authority as Surplus Special Tax Revenues. A summary of those projections is presented in the following Table 2. The analysis of projected Special Tax revenues is based on certain estimates and assumptions noted in Table 2 and further described below.

Because only sold Quartershare and Timeshare interests that are "Developed Property," as defined in the Special Tax Formula," will be subject to tax prior to June 1, 2005 (the "Imposition Date"), the timing of completion of the Marriott Grand Residence and the Timber Lodge and the timing of sales of Quartershare and Timeshare interests in those projects, respectively, will have a material effect on the amount of Special Tax levies for tax years prior to June 1, 2005. Under rules applicable to the Quartershare and Timeshare projects, the developer is able to close, and has closed, the sale of units before receiving a certificate of completion for the project. MORI reports that as of June 1, 2002, escrows have closed for 466 Quartershares in the Marriott Grand Residence and 379 Timeshares in Timber Lodge.

In preparing the projection of Special Tax revenues presented in Table 2, the Special Tax Consultant has relied on estimates of MORI that both the Marriott Grand Residence and the Timber Lodge will receive a certificate of completion by January 1, 2003, and as to the number of Quartershares and Timeshares that will be sold by December 1 of 2002, 2003 and 2004. See "THE PARK AVENUE PROJECT – Park Avenue Project Developments – Marriott Grand Residence" and "– Marriott Timber Lodge" for those estimates. There can be no assurance that such projections will actually be achieved.

The projection of Special Tax revenue from the Zone B Ownership Units assumes completion of only the 145 condominium units in Phase One (7,395 weekly interval Timeshares, each defined as an Ownership Unit in the Special Tax Formula). Completion or later Phases of the Timber Lodge will generate additional Revenue Neutrality Special Tax revenues (\$17.90 per Ownership Unit for 5,916 Ownership Units projected for Phases Two and Three), but Non-Contingent Special Tax revenues are not expected to increase because Non-Contingent Special Tax rates on Zone B Ownership Units decline as subsequent Phases are completed. Table 2 does not show the additional Special Tax revenues that might be generated upon completion of Timber Lodge Phase Two and Three.

After the June 1, 2005 Imposition Date, all Quartershares and Timeshares that are Developed Property will be subject to Special Tax levies regardless of whether they have been sold to a retail customer. As to the period after June 1, 2005, the Special Tax Consultant will certify at issuance of the Bonds that, for the period following June 1, 2005, the Special Taxes if levied in accordance with the Special Tax Formula and collected will annually yield sufficient revenue to make timely payments of the annual debt service on the District's Series 2001 Special Tax Bonds and generate Surplus Special Tax Revenues of \$190,000 per Fiscal Year.

Table 2

SOUTH TAHOE JOINT POWERS FINANCING AUTHORITY
PROJECTION OF SURPLUS SPECIAL TAX REVENUES
ZONES A AND B

Component	2002 2003	2003 2004	2004 2005	2005 2006(3)	2006 2007	2007 2008	2008 2009	2009 2010	2010 2011
Zone A Ownership Units									
Estimated Sold Ownership Units (1)	7,383	7,383	10,348	10,348	10,348	10,348	10,348	10,348	10,348
Non Contingent Special Tax Per Sold Ownership Unit (2)	<u>\$34.62</u>	<u>\$33.68</u>	<u>\$30.77</u>	<u>\$17.78</u>	<u>\$17.78</u>	<u>\$17.78</u>	<u>\$17.78</u>	<u>\$17.78</u>	<u>\$17.78</u>
Special Tax Revenue	127,801	248,663	318,358	183,987	183,987	183,987	183,987	183,987	183,987
Revenue Neutrality Special Tax Per Sold Ownership Unit	<u>\$3.91</u>	<u>\$3.91</u>	<u>\$3.91</u>	<u>\$3.91</u>	<u>\$3.91</u>	<u>\$3.91</u>	<u>\$3.91</u>	<u>\$3.91</u>	<u>\$3.91</u>
Special Tax Revenue	13,434	28,868	40,461	40,461	40,461	40,461	40,461	40,461	40,461
Total Zone A Ownership Unit Special Tax Revenue	142,234	277,531	358,819	224,448	224,448	224,448	224,448	224,448	224,448
Gondola									
Special Tax Revenue	74,220	148,440	148,440	148,440	148,440	148,440	148,440	148,440	148,440
Zone A & B Commercial (4)									
Square Footage	84,635	145,387	145,387	145,387	145,387	145,387	145,387	145,387	145,387
Special Tax Per Square Foot	<u>\$0.83</u>	<u>\$0.83</u>	<u>\$0.83</u>	<u>\$0.83</u>	<u>\$0.83</u>	<u>\$0.83</u>	<u>\$0.83</u>	<u>\$0.83</u>	<u>\$0.83</u>
Special Tax Revenue	35,124	120,671	120,671	120,671	120,671	120,671	120,671	120,671	120,671
Zone B Ownership Units (5)									
Estimated Sold Ownership Units (5)	969	969	1,400	7,395	7,395	7,395	7,395	7,395	7,395
Non Contingent Special Tax Per Sold Ownership Unit	<u>\$14.32</u>	<u>\$14.32</u>	<u>\$14.98</u>	<u>\$24.39</u>	<u>\$24.39</u>	<u>\$24.39</u>	<u>\$24.39</u>	<u>\$24.39</u>	<u>\$24.39</u>
Special Tax Revenue	6,938	13,876	20,971	180,364	180,364	180,364	180,364	180,364	180,364
Revenue Neutrality Special Tax Per Sold Ownership Unit	<u>\$17.90</u>	<u>\$17.90</u>	<u>\$17.90</u>	<u>\$17.90</u>	<u>\$17.90</u>	<u>\$17.90</u>	<u>\$17.90</u>	<u>\$17.90</u>	<u>\$17.90</u>
Special Tax Revenue-	8,673	17,345	25,060	132,371	132,371	132,371	132,371	132,371	132,371
Total Zone B Ownership Unit Special Tax Revenue	15,611	31,221	46,031	312,735	312,735	312,735	312,735	312,735	312,735
Annual Special Tax Revenue - Zone A and B									
Estimated Net Special Tax Bond Debt Service (6)	242,898	442,620	552,620	552,140	546,050	549,865	552,890	550,165	547,050
Coverage		131%	128%	146%	148%	147%	146%	147%	147%
CFD Fund									
Surplus Special Tax Revenues	24,291	135,243	135,030	254,154	260,244	256,429	253,404	256,129	259,244
Surplus Special Tax Revenues	24,291	135,243	135,030	190,000	190,000	190,000	190,000	190,000	190,000

- (1) Assumes completion of Marriot Ground Residence development in December 2002. Sold Ownership Units based on estimate from Marriott and revenues assumes collection of prorated special taxes at close of escrow during Fiscal Year 2002-03. The Special Tax has been pro-rated to reflect half of the Tax Year for 2002-03. One Quartershare is equal to 13 Ownership Units.
- (2) Amount of Special Tax per Ownership Unit reduced on a pro-rated basis by the amount of Special Tax Revenue to be generated by the Zone B Sold Ownership Units.
- (3) The Imposition Date is June 1, 2005, as defined in the Special Tax Formula.
- (4) For Fiscal Year 2002-03, includes commercial development from Marriott Ground Residence only. Beginning in 2003-04 commercial square footage from Cinema Annex, Timber Lodge, and Cecil's Fountain Plaza is added.
- (5) Assumes completion of only the Phase I Timber Lodge condominium (units 145 condominium units times 51 weekly Timeshares is equal to 7,395 Ownership Units as defined in the Special Tax Formula.
- (6) Source: Stone & Youngberg LLC: Actual bond debt service for the 2001 Special Tax Bonds, net of capitalized interest, but before application of earnings on funds. Capitalized interest of \$272,113 and \$31,567 assumed to be released to the project fund in 2002-03 and 2003-04 and not be used for debt service.

Source: Fraser & Associates

Attachment 5

2002 Official Statement

*Excellent overview of roles of agencies involved in the
Financing of the Parking Garage*

OFFICIAL STATEMENT

\$9,000,000

SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY PARKING REVENUE BONDS, SERIES A

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 Parking Revenue Bonds Series A in the aggregate principal amount of \$9,000,000. Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings given them in the Indenture, a summary of which (including definitions) is set forth in APPENDIX A – SUMMARY OF BASIC LEGAL DOCUMENTS – Indenture.

Authorization

The Bonds were authorized for issuance by Resolution No. 2002-1 adopted by the Governing Board of the Authority on June 18, 2002. The Bonds are being issued pursuant to an Indenture dated as of June 1, 2002 (the "Indenture") between the Authority and BNY Western Trust Company, 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 BASIC LEGAL DOCUMENTS – Indenture. The Bonds and any additional bonds issued pursuant to the Indenture, are herein referred to as the "Bonds."

Financing Plan

The Authority is issuing the Bonds to acquire and construct an approximately 420-space parking facility (the "Project") in connection with the Park Avenue Project undertaken by the Agency, pursuant to the Parking Facility Agreement dated as of June 1, 2002 (the "Parking Facility Agreement") between the Agency and the Authority. See "THE FINANCING PLAN – Estimated Sources and Use of Funds" herein.

The proceeds of the Bonds will be used for the construction of a parking structure for the Park Avenue Project. The Agency and the City have entered into a Master Disposition and Development Agreement dated October 28, 1999, as amended (the "Park Avenue DDA") with Heavenly Resort Properties, LLC, a Nevada limited liability company, Marriott Ownership Resorts, Inc., a Delaware corporation ("MORI"), Heavenly Valley Limited Partnership, a Nevada limited partnership ("Heavenly Valley"), Trans-Sierra Investments, Inc., a Nevada corporation, and Cecil's LLC, a Nevada limited liability company (collectively, the "Developers"), for the development and management of the Park Avenue Project. The Park Avenue Project includes the private development of a gondola, retail centers, a 199-condominium unit quarter share ownership resort, a parking structure, a cinema complex, a 261-unit timeshare ownership resort, expansion of an existing retail center and related public improvements facilities. These facilities are in various stages of completion and development. See "THE PARK AVENUE PROJECT" herein.

The City, Agency, Authority, and District

The City. The City of South Lake Tahoe (the "City") is located along the southwest shore of Lake Tahoe adjacent to the Nevada state line and is approximately 190 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 C – GENERAL INFORMATION REGARDING THE CITY OF SOUTH LAKE TAHOE AND THE SOUTH TAHOE REDEVELOPMENT AGENCY.

The Agency. The Agency was established on February 3, 1981 with the adoption of Ordinance No. 579 for the purpose of eliminating and preventing the spread of blight in designated redevelopment project areas pursuant to Part I of Division 24 of the California Health and Safety Code (the "Redevelopment Law"). The five members of the City Council also serve as members of the governing board of the Agency ("Governing Board"). The Chair of the Agency's Governing Board is selected by its members on an annual basis. The City Manager acts as the Executive Director of the Agency. The City Council approved the redevelopment plan for the South Tahoe Redevelopment Project No. 1 (the "Project Area") by Ordinance No. 746 adopted June 28, 1988, as amended on December 6, 1994 by Ordinance No. 854, as further amended on July 20, 1999 by Ordinance No. 905 (the "Redevelopment Plan"). See APPENDIX C – GENERAL INFORMATION REGARDING THE CITY OF SOUTH LAKE TAHOE AND THE SOUTH TAHOE REDEVELOPMENT AGENCY.

The Authority. The Authority was created by a joint exercise of powers agreement between the City and the Agency dated as of June 1, 2002 and provides assistance in financing the acquisition and construction of certain public capital improvements, including parking facilities to aid the Agency's redevelopment plan, including the Project. 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" herein.

The District. The Agency Governing Board (the "Governing Board") has organized and acts as the legislative body of its South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) (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"). Subject to approval by a two-thirds vote of the qualified electors voting, and compliance with the applicable provisions of the CFD Act, the Governing Board may authorize the issuance of bonds, the incurrence of debt and the levy and collection of a special tax within such a district to repay the bonds and to pay for certain services permitted under the CFD Act.

The District was initially formed pursuant to Resolution Nos. 2001-5 and 2001-6 adopted by 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. See "THE COMMUNITY FACILITIES DISTRICT – Special Tax Formula" herein and APPENDIX G – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX. 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 will be recorded in the Official Records of El Dorado County.

The District boundaries as initially formed encompassed an area of approximately 9.32 acres designated "Zone A" which includes (a) approximately 5.38 acres of private development property (Lots 5, 7, 8, 9 and 13) that will be Taxable Property subject to Special Tax levies and (b) approximately 3.94 acres of property (Lots 3, 6, 10 and 11) that will be used for perimeter landscaping, a public ice rink, open space and a parking garage, all of which will be exempt from Special Taxes of the District. The parking garage that is the Project will be located on Lot 10 in Zone A. By annexation, Zone B has been added to the District, which includes (a) approximately 5.01 acres of private development property (Lots 1, and 4A through 4D) that will be Taxable Property subject to Special Tax Levies, and (b) approximately

1.28 acres (Lots 2, 3A and 3C that will be used for perimeter landscaping and an intermodal transportation facility, and which will be exempt from Special Tax. See "THE COMMUNITY FACILITIES DISTRICT – Location" herein.

Additional property across Park Avenue from the District identified as Zone C has been designated for possible future annexation into the District. Zone C is not now in the District and there can be no assurance as to when or if it will be annexed into the District in the future.

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 and the Supplemental 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 Project 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 Project, including any revenues or moneys received by the City or the Agency pursuant to the Parking Facility Agreement, but excluding any refundable deposits or fines and forfeitures ("Operating Revenues") and (ii) the Surplus Special Tax Revenues. See "SECURITY FOR THE BONDS" herein.

Rate and Coverage Covenants. The Authority has covenanted upon completion of the Project to maintain parking rates and charges for the Project 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 Bond Service (the "Prospective Coverage Test"). Net Maximum Annual Bond Service is equal to the Annual Bond Service net of the amount of Annual Bond Service that could be paid from available Surplus Special Taxes at 110% coverage (i.e. up to \$190,000 divided by 1.10). On or before December 1 of each year, commencing on the December 1 next following completion of not less than 12 months of operations of the Project, the Authority is 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 Bond Service for the Bond Year beginning in such Fiscal Year (the "Actual Coverage Test"). Satisfaction of the Actual Coverage Test requires a minimum 1.3-to-1 ratio of actual Net Operating Revenue to Net Maximum Annual Bond Service and confirmation that Surplus Special Tax Revenues for the preceding Fiscal Year, beginning Fiscal Year 2005-06, are not less than \$190,000.

Surplus Special Tax Revenue. Subject to limitations on the maximum Special Tax that may be levied in the District, the Agency has covenanted to cause the District to levy its Special Taxes in each Fiscal Year in an amount sufficient to satisfy all requirements of the CFD No. 2001-1 Indenture and to permit the Agency to transfer to the Authority additional Special Tax revenues of up to \$190,000 per Fiscal Year. The obligation of the Agency to transfer such additional Special Tax revenues to the Authority is subordinate to all other obligations of the Agency under the CFD No. 2001-1 Indenture. When and if received by the Authority, such additional Special Tax revenue constitutes the "Surplus Special Tax Revenue" as defined in the Indenture for the Bonds. The District's Special Tax Consultant has projected the amounts of Surplus Special Tax Revenues expected to be received by the Authority. Surplus Special Tax Revenues are not projected to reach \$190,000 per year until the 2005-06 Fiscal Year. See "THE COMMUNITY FACILITIES DISTRICT – Projected Special Tax Revenues" herein. Surplus Special Tax Revenue is 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. See "SECURITY FOR THE BONDS – Application of Gross Revenues" herein.

Reserve Accounts. Proceeds of the Bonds will be deposited in the Bond Reserve Account in the amount of the Bond Reserve Account Requirement equal to Maximum Annual Bond Service. Gross Revenues available after (i) provision for payment of the Bonds and replenishment of the Bond Reserve Account, if any, and (ii) maintenance of a balance of two months of Maintenance and Operation Expenses in the Maintenance and Operation Expenses Account, will be deposited into the Supplemental Reserve Account until the amount in that fund reaches the Supplemental Reserve Account Requirement. The Supplemental Reserve Account Requirement is two and one-half (2.5) times Maximum Annual Bond Service, plus any amount necessary, together with amounts on deposit in the Surplus Revenue Account, to satisfy the Renewal and Replacement Requirement. If the Actual Coverage Test shows less than a ratio of 1.3-to-1 of Net Revenues to Net Maximum Annual Bond Service or less than \$190,000 of Surplus Special Tax Revenue, then (and until such time as the Actual Coverage Test has been satisfied for two consecutive fiscal years) all such remaining Gross Revenue will be retained in the Supplemental Reserve Account without limitation to the Supplemental Reserve Account Requirement.

The monies in the Supplemental Reserve Account will be used for (i) paying any Maintenance and Operation Expenses then due and payable (but only to the extent that amounts on deposit in the Maintenance and Operation Expenses Account are not sufficient to make such payments), (ii) paying Annual Bond Service, but only to the extent that amounts then on deposit in the Bond Interest Account and Bond Principal Account (including the Series A Term Bond Sinking Account) are not sufficient to make such payments, (iii) paying any necessary costs of renewal or replacement of the Project, but only to the extent that monies in the Surplus Revenue Account are not sufficient to make such payments, and (iv) an extraordinary partial redemption of Bonds from amounts held in the Supplemental Reserve Account in excess of the Supplemental Reserve Requirement, if the Annual Bond Service on the Bonds remaining Outstanding after such extraordinary redemption would have provided the required 1.3-to-1 ratio of Net Operating Revenues to Net Maximum Annual Bond Service for the preceding two years or (v) for the retirement of all of the Bonds then outstanding (either upon maturity or redemption) when the amounts in all funds and accounts available for that purpose are sufficient to do so.

Provided that amounts in the Supplemental Reserve Account are first depleted, the moneys in the Bond Reserve Account will be used (i) for payment of Annual Bond Service, but only to the extent that amounts then on deposit in the Bond Interest Account and Bond Principal Account (including the Series A Term Bond Sinking Account) after transfer to such Accounts are not sufficient to make such payments or (ii) for the retirement of all of the Bonds then outstanding (either upon maturity or redemption) when the amounts in all funds and accounts available for that purpose are sufficient to do so. See APPENDIX A – SUMMARY OF BASIC 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 D – THE BOOK-ENTRY SYSTEM.

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. A copy of the form of opinion of Bond Counsel is set forth in APPENDIX F – PROPOSED FORM OF BOND COUNSEL OPINION. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax

consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "CONCLUDING INFORMATION – Tax Matters" herein.

Continuing Disclosure

The Authority and the Developers each have agreed to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any entity designated by the State of California (the "State") as a state repository for purposes of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission certain annual and semi-annual financial and other information. The Authority has further agreed to provide notice of certain material events. These covenants have been made in order to assist Stone & Youngberg LLC, the underwriter, in complying with the Rule. See "CONCLUDING INFORMATION – Continuing Disclosure" and APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENTS herein 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 captions "SECURITY FOR THE BONDS – Projected Parking Revenues," "THE COMMUNITY FACILITIES DISTRICT – Projected Special Tax Revenues" and "SECURITY FOR THE BONDS – Projected Revenues and Coverage" herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS 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, 1052 Tata Lane, South Lake Tahoe, California 96150.

THE FINANCING PLAN

Overview

The net proceeds of the Bonds will be used to pay the costs of acquiring and constructing the Project, which will be built in conjunction with the private development known as the Park Avenue Project. The Park Avenue Project consists of a gondola, retail centers, a 199-condominium unit quarter share ownership resort, a cinema complex, a 261-condominium unit timeshare ownership resort, expansion of an existing retail center and related public improvements and facilities, including the Project being financed by issuance of the Bonds. The Project will provide for the vehicular parking needs of the residents and visitors to the City, and in particular, the Park Avenue Project. These facilities are in various stages of completion and development. See "THE PARK AVENUE PROJECT" herein. Portions of the Park Avenue Project are presently included within the District and the remainder of the Park Avenue Project may be annexed into the District in the future. See "THE COMMUNITY FACILITIES DISTRICT" herein.

The Project

The Project is a parking garage with 422 spaces spread over four levels to be constructed on Lot 10 within the District. Two sides of the garage abut walls of the Marriott Grand Residence and the Cinema Annex. The exterior facing Van Sickle Road is primarily finished with split-face concrete block broken by vertical expanses of earth-toned stucco. The elevation facing the Gondola plaza and the Timber Lodge more closely emulates the surrounding private development, with wood and stone columns, stucco, and a sloped asphalt-shingled roof that covers a driveway into a parking area for emergency vehicles and a privately-financed loading dock area.

Pursuant to the Parking Facility Agreement between the Authority and the Agency, the Authority has covenanted to provide for the planning, design, construction and operation of the Project and the Agency has agreed to transfer Surplus Special Taxes to the Authority for use in payment of the Bonds. See APPENDIX A - SUMMARY OF BASIC LEGAL DOCUMENTS – Parking Facility Agreement. Operation of the Project is also governed by a Parking Management Agreement among the Agency, City and the various Developers of the Park Avenue Project. **The Authority has not yet selected, and may not select, an independent operator of the Project.** See "THE PARK AVENUE PROJECT – Parking Garage Project" herein

Bids were opened June 28, 2002, and a contract awarded to Allen L. Bender Inc. of West Sacramento, California, on August 12, 2002. The total projected cost of the Project will be funded from proceeds of the Bonds and a \$279,5000 contribution from the Developers. Construction on the garage is scheduled to begin approximately July 30, 2002 and be completed within seven months. The contractor is required to post a performance bond and the construction contract includes liquidated damages if the schedule is not met. The Authority anticipates that in order to avoid winter construction, the successful contractor will accelerate the schedule and the garage will be finished in six months.

Estimated Sources and Uses of Funds

The Trustee will receive the proceeds from the sale of the Bonds, upon delivery of the Bonds to the purchasers thereof, and such proceeds will be used to pay the costs of acquisition and construction of the Project and certain other purposes. The proceeds of the Bonds will be applied as set forth in the following table:

<u>Sources:</u>	
Principal Amount of Bonds	\$9,000,000.00
Less Underwriter's Discount	(225,000.00)
Total Sources	<u>\$8,775,000.00</u>
<u>Uses:</u>	
Deposit to Bond Interest Account ⁽¹⁾	\$ 845,331.42
Deposit to Bond Reserve Account ⁽²⁾	802,500.00
Costs of Issuance	278,920.58
Construction Fund Deposit	6,680,000.00
Maintenance and Operating Expense Account ⁽³⁾	168,248.00
Total Uses	<u>\$8,775,000.00</u>

- (1) Represents capitalized interest on the Bonds through December 31, 2003.
- (2) An amount equal to the Bond Reserve Account Requirement.
- (3) An amount equal to six months of estimated operating expenses of the Project.

Estimated Debt Service

Debt service payable on the Bonds, assuming no optional or extraordinary redemptions, is as set forth in the following table:

DEBT SERVICE SCHEDULE

<u>Bond Year Ending (December 1)</u>	<u>Principal</u>	<u>Interest⁽¹⁾</u>	<u>Annual Debt Service</u>
2002	\$	\$181,992.88	\$181,992.88
2003		612,312.50	612,312.50
2004		612,312.50	612,312.50
2005	150,000	612,312.50	762,312.50
2006	190,000	605,937.50	795,937.50
2007	205,000	597,387.50	802,387.50
2008	210,000	587,650.00	797,650.00
2009	215,000	577,150.00	792,150.00
2010	235,000	562,100.00	797,100.00
2011	255,000	545,650.00	800,650.00
2012	270,000	527,800.00	797,800.00
2013	290,000	508,900.00	798,900.00
2014	310,000	488,600.00	798,600.00
2015	330,000	466,900.00	796,900.00
2016	355,000	443,800.00	798,800.00
2017	380,000	418,950.00	798,950.00
2018	405,000	392,350.00	797,350.00
2019	435,000	364,000.00	799,000.00
2020	460,000	333,550.00	793,550.00
2021	495,000	301,350.00	796,350.00
2022	535,000	266,700.00	801,700.00
2023	570,000	229,250.00	799,250.00
2024	605,000	189,350.00	794,350.00
2025	650,000	147,000.00	797,000.00
2026	700,000	101,500.00	801,500.00
2027	750,000	52,500.00	802,500.00

(1) Interest on the Bonds is scheduled to be paid on June 1 and December 1, commencing December 1, 2002.

Attachment 6

*Proposed First Amendment to
Parking Facility Agreement*

to be dated September 1, 2013

FIRST AMENDMENT TO PARKING FACILITY AGREEMENT

THIS FIRST AMENDMENT TO PARKING FACILITY AGREEMENT is dated as of September 1, 2013, and is between the SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY, a public entity duly organized and validly existing under the laws of the State of California (the "Successor Agency"), as successor to the SOUTH TAHOE REDEVELOPMENT AGENCY (the "Original Agency"), and the SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY, a joint exercise of powers authority duly organized and validly existing under the laws of the State of California (the "Authority").

BACKGROUND:

1. The Original Agency previously provided for the vehicular parking needs of the residents and visitors to the City of South Lake Tahoe (the "City") and, in particular to meet such needs in connection with the Original Agency's "Park Avenue Project" undertaken as a part of the South Tahoe Redevelopment Project Area No. 1 (the "Redevelopment Project"), by providing for an approximately 420-space parking facility (as hereinafter defined, the "Project") in the manner provided for in the Indenture, dated as of June 1, 2002, between the Authority and BNY Western Trust Company, as trustee (the "Original Indenture").

2. The Original Agency further assisted in providing the Project by transferring the real property constituting the site for the Project to the Authority and entering into a Parking Facility Agreement dated as of June 1, 2002 by and between the Original Agency and the Authority (the "Agreement"), which provided for the Original Agency pledge of Surplus Special Tax Revenues (as defined in the Original Indenture) of the Original Agency's Community Facilities District No. 2001-1 (Park Avenue Project).

3. Under the Original Indenture, the Authority issued its Parking Revenue Bonds, Series A (the "Bonds") payable from net operating revenues of the Project and the Surplus Special Tax Revenues, and, in order to restructure debt service on the outstanding Bonds, the Authority wishes to refinance the obligations under the Original Indenture through the issuance of parking revenue refunding bonds (the "Refunding Bonds").

4. By implementation of California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 ("AB 26"), which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, *et.seq.*) and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the Original Agency was dissolved on February 1, 2012, and on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26, assumed the duties and obligations of the Original Agency as set forth in AB 26, including, without limitation, the obligations of the Original Agency under the Agreement and related documents to which the Original Agency was a party.

5. The Successor Agency and the Authority have determined to amend the Agreement in accordance with Section 7 thereof in order to restructure the transfer of Surplus Special Tax Revenues and to make such transfers available for payment of debt service on the Refunding Bonds in accordance with the 2013 Indenture (defined below).

6. The execution and delivery of this First Amendment have been in all respects duly and validly authorized by a resolution duly adopted by the Successor Agency.

7. In accordance with Assembly Bill 1484 approved by the Governor of the State of California on June 27, 2012 ("AB 1484"), the execution and delivery of this First Amendment have been approved by the Oversight Board of the Successor Agency and the Department of Finance of the State of California.

NOW, THEREFORE, the Successor Agency and the Authority do hereby agree as follows:

Section 1. Definitions. All references to the Indenture will be deemed to refer to the Indenture of Trust, dated as of September 1, 2013, between the Authority and U.S. Bank National Association, as trustee (the "2013 Indenture"). Unless otherwise defined herein, all capitalized terms defined herein will have the meanings set forth in the 2013 Indenture.

Section 2. Transfer of the Site; Payment of Surplus Special Tax Revenues. Section 2, subparagraph (B) of the Agreement is hereby revised in its entirety to read as follows:

(B) On or before the first day of each month, commencing July 1, 2014, and continuing to and including the date on which all the Refunding Bonds are paid in full, the Agency shall pay the Surplus Special Tax Revenues to the Authority for deposit by the Authority into the Revenue Fund pursuant to Section 5.01 of the 2013 Indenture. In accordance with Section 7.02 of the CFD No. 2001-1 Indenture, the obligation of the Agency to pay Surplus Special Tax Revenues pursuant to this Section 2 shall be subordinate in all respects to the use of the proceeds of the Special Tax as defined in and provided in the CFD No. 2001-1 Indenture. So long as this Section 2(B) remains in force, the Agency shall not issue any Additional Bonds pursuant to, and as that term is defined in, the CFD No. 2001-1 Indenture. Any bonds or other indebtedness of the Agency issued after the date hereof and secured by a pledge of or lien upon the Special Tax Revenues (as that term is defined in the CFD No. 2001-1 Indenture) shall be payable on a parity with the Agency's obligations to pay Surplus Special Tax Revenues hereunder and the Authority's obligation to apply such Surplus Special Tax Revenues in accordance with the terms of the Indenture. Upon payment in full of the special tax bonds described in the CFD No. 2001-1 Indenture, the Agency covenants to continue to levy special taxes in CFD No. 2001-1 as necessary to meet its obligations under this Agreement.

Section 3. Except as amended by the First Amendment and as otherwise amended hereby or required by applying the context of the Agreement as supporting payment of the Bonds issued pursuant to the 2013 Indenture, the Agreement will remain in full force and effect.

Section 4. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Agreement, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

Section 5. This First Amendment will become effective upon the execution and delivery of this First Amendment by the parties hereto.

Section 6. This First Amendment may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment Indenture to be duly executed by their officers duly authorized as of the date first above written.

**SOUTH TAHOE REDEVELOPMENT
SUCCESSOR AGENCY**

By: _____
Nancy Kerry, Executive Director

**SOUTH TAHOE JOINT POWERS PARKING
FINANCING AUTHORITY**

By _____
Nancy Kerry, Executive Director

Attachment 7

Proposed 2013 Indenture

to be dated September 1, 2013

SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY

and

[TRUSTEE], as trustee

INDENTURE OF TRUST

Dated as of September 1, 2013

\$9,000,000

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

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EXHIBIT A Description of the Project
EXHIBIT B Form of Bond

INDENTURE OF TRUST

\$9,000,000

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

THIS INDENTURE OF TRUST, dated as of September 1, 2013, is between the SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY, a joint exercise of powers authority (the "Authority"), and the [TRUSTEE], as trustee, being duly qualified to accept and administer the trusts hereby created (the "Trustee").

BACKGROUND:

1. The Authority is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (codified at California Government Code Sections 6500 and following) (the "Act"), and a Joint Exercise of Powers Agreement, dated as of June 1, 2002 (the "JPA Agreement") between the South Tahoe Redevelopment Successor Agency (as successor to the South Tahoe Redevelopment Agency, the "Agency") and the City of South Lake Tahoe (the "City"), for the purpose of assisting the Agency and the City with the refinancing of public capital improvements pursuant to the Act.

2. Under Article 4 of the Act, the Authority previously issued its Parking Revenue Bonds, Series A (the "Prior Bonds") in the aggregate principal amount of \$9,000,000 in order to finance the Project (as hereinafter defined), which Prior Bonds were payable from revenues of the Project and from amounts derived under a Parking Facility Agreement (as hereinafter defined) between the City and the Agency.

3. The City and the Authority, after due investigation and deliberation, have determined that it is in the best interests of the City that the Authority at this time provide for the refunding of the Prior Bonds through the issuance of the Authority's Parking Revenue Refunding Bonds, Series 2013 (the "Bonds") under this Indenture.

4. In order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Board of Directors of the Authority has authorized the execution of this Indenture.

AGREEMENT:

In order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the

Authority covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 will, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

"Act" means Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (codified at California Government Code Sections 6500 and following). Whenever reference is made in this Indenture to the Act, reference is made to the Act as in force on the date of the initial execution and delivery of this Indenture, unless the context otherwise requires.

"Actual Coverage Test" has the meaning set forth in Section 6.10(b).

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

"Annual Bond Service" means, as of any date of calculation, the sum of (1) the interest falling due on Bonds then Outstanding (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 falling due by their terms or pursuant to mandatory sinking fund redemption under Section 4.01(d).

"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 Account" means the account by that name in the Revenue Fund established pursuant to Section 5.02(a).

"Bond Interest Account" means the account by that name in the Revenue Fund established pursuant to Section 5.02(a)(1).

"Bond Principal Account" means the account by that name in the Revenue Fund established pursuant to Section 5.02(a)(2).

"Bond Redemption Fund" means the fund by that name established pursuant to Section 5.03.

"Bond Reserve Account" means the account by that name in the Revenue Fund established pursuant to Section 5.02(a)(3).

"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 _____ 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 _____ 1 in any year in which Bonds are Outstanding.

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

"Business Day" means a day of the year, other than a Saturday or Sunday, on which banks located in New York, New York or San Francisco, California or the city or cities in which the Principal Office of the Trustee is located are not required or authorized to be closed and on which the New York Stock Exchange is open.

"Certificate of the Authority" means a certificate signed by an Authorized Authority Representative. If and to the extent required by the provisions of Section 1.02, each Certificate of the Authority will include the statements provided for in Section 1.02.

"Certificate of the Financial Consultant" means a written certificate duly prepared, executed and delivered by person or firm of recognized regional standing in connection with matters relating to the financial and business activities of local government agencies, selected by the Authority.

"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.

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

"Closing Date" means _____, 2013, which is the date of delivery of the Bonds to the Original Purchaser.

"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.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Account" means the fund by that name established and held by the Trustee under Section 3.04.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.09.

"Depository System Participant" means any participant in the Depository's book-entry system.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" has the meaning specified in Section 7.01.

"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.

"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 hereafter selected and designated as the official fiscal year of the Authority.

"Gross Revenues" means (i) Operating Revenues; and (ii) subject to Section 6.07(B), Surplus Special Tax Revenues.

"Indenture" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions.

"Insurance and Condemnation Proceeds Fund" means the fund by that name established and maintained by the Authority pursuant to Section 6.06.

"Interest Payment Date" means _____ 1 and _____ 1 in each year, beginning _____ 1, 2013, and continuing so long as any Bonds remain Outstanding.

"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 or the Agency.

"Maintenance and Operation Expenses Account" means the account by that name in the Revenue Fund established pursuant to Section 5.01(c).

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

"Net Maximum Annual Bond Service" means, as of any date of calculation, an amount equal to (a) Maximum Annual Bond Service for such date minus (b) the quotient derived from dividing (i) the amount of Surplus Special Tax Revenues deposited by the Agency with the Authority pursuant to the Parking Facilities Agreement during the preceding Bond Year, by (ii) 1.10.

"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.

"Nominee" means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.09(a).

"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, or arising from, the Project, including without limitation any such revenues or moneys received by the City or the Agency pursuant to the Parking Facility Agreement, but excluding any refundable deposits or fines and forfeitures.

"Opinion of Counsel" means a written opinion of counsel (who may be counsel for the Authority) appointed by the Authority and acceptable to the Trustee.

"Optional Redemption Account" means the account by that name in the Bond Redemption Fund established pursuant to Section 5.03.

"Original Purchaser" means Stifel, Nicolaus & Company, Incorporated, the original purchaser of the Bonds at the initial sale thereof.

"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 this 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 Article IV provided 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 September 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.

"Payment Date" means June 1 and December 1 in each year, commencing December 1, 2013, or following an Event of Default that date upon which the principal of and interest and redemption premium, if any, on the Bonds is paid.

"Permitted Investments" means any of the following:

(1) United States Treasury notes, bonds, bills, or certificates of indebtedness, or obligations for which the faith and credit of the United States of America are pledged for the payment of principal and interest (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and if they become legal investments under the laws of the State of California for moneys held under this Indenture, securities which represent an undivided interest in such direct obligations), and also any securities now or hereafter authorized, both the principal of and interest on which is guaranteed fully and directly by the full faith and credit of the United States of America;

(2) Notes, debentures, participation certificates or other obligations of the Government National Mortgage Association or the Federal National Mortgage Association established under the National Housing Act, as amended;

(3) Demand deposits, time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank or trust company, including the Trustee or an affiliate, or a state or national savings and loan association, provided that such certificates of deposit will be (i) continuously and fully insured by the Federal Deposit Insurance Corporation or (ii) issued by any bank or trust company organized under the laws of any state of the United States, or any national banking association (including the Trustee), having a combined capital and surplus of at least \$100,000,000 and having a short-term rating of "A-1" or better by Standard & Poor's;

(4) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States (including the Trustee) or any national banking association or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, which agreement is secured at all times by collateral security described in clauses (1) or (2) of this definition and in which the Trustee has a perfected security interest, and which collateral (a) is held by the Trustee or a third party agent for the Trustee, (b) is not subject to liens or claims of third parties, (c) has a market value determined as frequently and in an amount sufficient to satisfy the collateralization levels required by Moody's Investors Service and Standard & Poor's to maintain the ratings on the Notes, and (d) will be liquidated if the requisite collateral level is not maintained;

(5) Bankers' acceptances which are issued by a bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) rated "A" or better by Moody's Investors Service and Standard & Poor's; provided, that such banker's acceptances may not exceed 270 days' maturity;

(6) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an "A" or higher rating for the Authority's debentures, other than commercial paper, as provided by Moody's Investors Service and Standard & Poor's; provided that purchases of eligible commercial paper may not exceed one hundred eighty (180) days' maturity nor represent more than ten percent (10%) of the outstanding commercial paper of an Authority corporation;

(7) Notes, warrants or other evidence of indebtedness of any of the states of the United States or of any political subdivision or public agency thereof and rated "A" or better by Standard & Poor's;

(8) Funds invested in the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such Section may be amended or recodified from time to time) so long as any funds so invested by the Trustee are subject to deposit and withdrawal by the Trustee and provided that the Trustee may restrict such investment if necessary to keep moneys available for the purposes of this Indenture;

(9) Any investment agreement with (i) any bank or trust company licensed to do business in any state of the United States or any national banking association (including the

Trustee) or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, and rated "A" or better by Moody's Investors Service and Standard & Poor's or (ii) any corporation that is organized and operating within the United States of America and that has total assets in excess of five hundred million dollars (\$500,000,000) and rated "A" or better by Moody's Investors Service and Standard & Poor's; provided, however, that the Trustee is required to withdraw all amounts invested therein if such rating falls below "A", unless (i) such investment agreement will have been collateralized with securities described in subparagraph (1) or subparagraph (2) (which collateral will be marked to market weekly at collateral levels required by Moody's Investors Service and Standard & Poor's for investment agreements authorized to be entered into in connection with bonds rated "A" by such rating agencies) and held by the Trustee or a third-party custodian and (ii) the Holders of at least a majority in aggregate principal amount of Outstanding Bonds consent to the continuation of such investment agreement;

(10) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California that invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended;

(11) The interest portion of obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and stripped by the United States Government at the Federal Reserve Bank of New York as federal securities; and

(12) Money market funds which invest solely in Permitted Investments or secured by such investments, which money market fund is rated "Am" or better by Standard & Poor's. Such money market funds may include funds for which the Trustee, its parent or its affiliates or subsidiaries provide investment advisory or other management services.

"Person" means an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

"Principal Office" means the office of the Trustee designated from time to time by the Trustee as its principal office for purposes of this Indenture.

"Prior Bonds" means the Authority's Parking Revenue Bonds, Series A issued in the original principal amount of \$9,000,000 pursuant to the terms of the Prior Indenture.

"Prior Indenture" means the Indenture dated as of June 1, 2002 between the Authority and BNY Western Trust Company, as trustee.

"Prior Trustee" means The Bank of New York Mellon Trust Company, N.A., as successor to BNY Western Trust Company, as trustee under the Prior Indenture.

"Project" means the approximately 420-space parking facility constructed in part with proceeds of the Prior Bonds, and as more fully described in Exhibit A hereto.

"Prospective Coverage Test" will have the meaning set forth in Section 6.10(a).

"Record Date" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date.

"Refunding Account" means the fund by that name established and held by the Trustee under Section 3.03.

"Registration Books" means the books maintained by the Trustee under Section 2.06 for the registration and transfer of ownership of the Bonds.

"Renewal and Replacement Annual Contribution" means, as of any date, the amount that, in the opinion of the City Engineer of the City or a Parking Consultant, 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 filed by the Authority with the Trustee in accordance with Section 6.13.

"Renewal and Replacement Requirement" means, as of any date, the amount that is necessary, in the opinion of the City Engineer of the City or a Parking Consultant, to provide during the next five years (or such longer period not to exceed ten years as such City Engineer or Parking Consultant may specify) 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 Section 6.13, and which amount will be set forth in the current annual budget for the Project filed by the Authority with the Trustee in accordance with Section 6.13.

"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, and (iii) 125% of average Annual Debt Service on the Bonds.

"Revenue Fund" means the fund by that name established pursuant to Section 5.01(b).

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in writing to the Trustee.

"Special Redemption Account" means the account by that name in the Bond Redemption Fund established pursuant to Section 5.03.

"Supplemental Indenture" or "Indenture supplemental hereto" means any indenture hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of this Indenture.

"Surplus Special Tax Revenues" means the special tax revenues on deposit in the Community Facilities District Fund under the CFD No. 2001-1 Indenture and paid by the Agency to the Authority pursuant to Section 2 of the Parking Facility Agreement, which payment will be subordinate in all respects to the use of the proceeds of the Special Tax as defined in and required by the CFD No. 2001-1 Indenture, and will not exceed the maximum annual amount, and otherwise subject to the terms and conditions, set forth in the Parking Facility Agreement; provided however upon payment in full of the special tax bonds described in the CFD No. 2001-1 Indenture "Surplus Special Tax Revenues" shall mean proceeds of special taxes levied by the Agency for its Community Facilities District No. 2001-1, not to exceed the maximum annual amount, and otherwise subject to the terms and conditions, set forth in the Parking Facility Agreement.

"Surplus Revenue Account" means the account by that name in the Revenue Fund established pursuant to Section 5.02(d).

"Term Bonds" means the Bonds maturing on _____.

"Trustee" means the [TRUSTEE], serving as trustee for the Bonds, and any successor thereto or agent thereof.

"Written Order of the Authority," "Written Request of the Authority" and "Written Consent of the Authority" means, respectively, a written order, request or consent signed in the name of the Authority by an Authorized Authority Representative.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture will include (a) a statement that the Person or Persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, in so far as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion may be based are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion made or given by counsel may be based, in so far as it relates to factual matters information with respect to which is in the possession of the Authority, upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his or her opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

SECTION 1.02. *Authorization.* Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. The Authority has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The Authority hereby authorizes the issuance of Bonds in the aggregate principal amount of \$_____ under the Act for the purposes of providing funds to redeem the Prior Bonds in full. The Bonds are authorized and issued under, and are subject to the terms of, this Indenture and the Act. The Bonds will be designated the "South Tahoe Joint Powers Parking Financing Authority Parking Revenue Refunding Bonds."

Section 2.02. Terms of Bonds. The Bonds are issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond has more than one maturity date. The Bonds will be dated as of the Closing Date, and will mature on _____ 1 in the years and in the respective principal amounts and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the respective rates per annum, as set forth in the following table:

Maturity Date (_____ 1)	Principal Amount	Interest Rate
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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. 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. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file 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, which written request will remain in effect until 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.

The Bonds will be subject to redemption as provided in Article IV.

Section 2.03. Form and Execution of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Exhibit B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Bonds will be signed on behalf of the Authority in its name by its Chairman and by its Secretary. All such signatures may be printed, lithographed or otherwise mechanically reproduced. The Bonds will then be delivered to the Trustee for authentication by it. In case of any of the officers who will have signed or attested any of the Bonds or whose facsimile signatures appear thereon will cease to be such officer or officers of the Authority before the Bonds so signed or attested will have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may, nevertheless, be authenticated, delivered and issued and, upon such authentication, delivery and issue, will be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such Bond will be the proper officers of the Authority although at the nominal date of such Bond any such person will not have been such officer of the Authority.

Only those Bonds bearing a certificate of authentication in the form set forth in Exhibit B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that

such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.04. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed.

Whenever any Bond or Bonds will be surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new Bond or Bonds for a like aggregate principal amount and maturity.

No transfers of Bonds will be required to be made during the 15 days next preceding each Interest Payment Date.

Section 2.05. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The Trustee will require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.06. Bond Register. The Trustee will keep or cause to be kept at its Principal Office, Registration Books sufficient for the registration and transfer of the Bonds, which will during normal business hours be open to inspection by the Authority; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred thereon Bonds as hereinbefore provided.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond will become mutilated, the Authority, at the expense of the owner of said Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor, maturity and number in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be cancelled by it and redelivered to, or upon the order of, the Authority. If any Bond will be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them will be given, the Authority, at the expense of the owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor, maturity and number in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require a payment for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen, will constitute an original additional contractual obligation on the part of the Authority (whether or not the Bond so alleged to be lost, destroyed or stolen will be at any time enforceable by anyone), and will be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond will be executed by the Authority and be authenticated by

the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Trustee, and the Trustee will authenticate and deliver, without expense to the owner (except for any tax or other governmental charge required to be paid in connection therewith), in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Book Entry System. (a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee will register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds will be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which will be registered in the name of the Nominee, the Authority and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Authority elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee will pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments will be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner will receive a Bond evidencing the obligation of the Authority to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Authority of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee will become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority will promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Authority will execute and deliver to such Depository a letter representing such matters as will be necessary to so qualify the Bonds. The execution and delivery of such letter will not in any way limit the provisions of subsection (a) above or in any other way impose

upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee will agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Authority may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority will thereupon discontinue the book-entry system with such Depository. In such event, the Depository will cooperate with the Authority and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Authority fails to identify another Securities Depository to replace the Depository, then the Bonds will no longer be required to be registered in the Registration Books in the name of the Nominee, but will be registered in whatever name or names the Owners transferring or exchanging Bonds will designate, in accordance with the provisions hereof.

If the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Authority may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Authority will cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the Authority's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond will be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

ARTICLE III

ISSUE OF BONDS

Section 3.01. Authentication and Delivery of Bonds. The Trustee, upon the execution and delivery of this Indenture and upon the execution and delivery to it by the Authority of the Bonds as hereinabove provided, and without any further action on the part of the Authority, will authenticate and deliver the Bonds in the aggregate principal amount of \$_____ to the Original Purchaser.

Section 3.02. Application of Proceeds of Bonds. The proceeds received by the Authority upon the sale of the Bonds will be applied as follows:

- (1) To the Bond Reserve Account, an amount equal to the Reserve Requirement, namely, \$_____.
- (2) To the Costs of Issuance Account, the amount of \$_____, and
- (3) To the Refunding Account, the amount of \$_____.

Section 3.03. Refunding Account. There is hereby established a separate fund to be known as the "Refunding Account", to be held by the Trustee, in its capacity as Prior Trustee for the Prior Bonds, in trust for the redemption of the Prior Bonds. The Prior Trustee will transfer \$_____ from the Prior Bonds' _____ [reserve fund][debt service fund] to the Refunding Account, for a total deposit of \$_____. On [December 1, 2013,] the Prior Trustee will apply moneys in the Refunding Account to pay the redemption price of the Prior Bonds being redeemed on such date. Any excess in the Refunding Account after redemption of the Prior Bonds will be transferred to the [Bond Fund].

Section 3.04. Costs of Issuance Account. There is hereby established a separate fund to be known as the "Costs of Issuance Account", to be held by the Trustee in trust. The Trustee will disburse moneys in the Costs of Issuance Account from time to time to pay Costs of Issuance upon submission of a Requisition of the Authority stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Account, and (e) that such amounts have not been the subject of a prior Requisition of the Authority; in each case together with a statement or invoice for each amount requested thereunder. On _____, the Trustee will transfer any amounts remaining in the Costs of Issuance Account to the Bond Account, and thereupon the Trustee will close the Costs of Issuance Account.

Section 3.05. Validity of Bonds. The recital contained in the Bonds that they are issued under the laws of the State of California is conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) **Special 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 Special Redemption Account within the Bond Redemption Fund pursuant to Section 6.06, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium. If Bonds are redeemed in part pursuant to this subsection (a), moneys in the Special 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.

(b) **Optional Redemption.** The Bonds maturing on or before _____, are not subject to optional redemption prior to their stated maturity dates. The Bonds maturing on or after _____, are subject to redemption on or after _____, 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 following redemption prices (expressed as percentages of the principal amount called for redemption together with accrued interest to the date fixed for redemption):

Redemption Date

Redemption Price

(c) **Extraordinary Redemption.** The Bonds are also subject to in redemption at the option of the Authority from funds deposited into the Extraordinary Redemption Account within the Bond Redemption Fund in accordance with Section 5.02(b)(2), in part on any interest payment 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 following redemption prices (expressed as percentages of the principal amount called for redemption together with accrued interest to the date fixed for redemption):

Redemption Date

Redemption Price

(d) **Sinking Fund Redemption.** The Term Bonds 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 Section 5.02(a)(2), 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 pursuant to Section 4.06, 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 Section 4.06, the total amount of all future payments pursuant to this subsection (d) 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 _____

**Sinking Fund
Redemption Date
(_____ 1)**

**Principal
Amount To Be
Redeemed**

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a maturity or any given portion thereof, the Trustee will select the Bonds to be redeemed, from all Bonds or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion will deem appropriate and fair. The Trustee will promptly notify the Authority in writing of the Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. Notice of redemption will be mailed, first class postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. Each 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 also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, 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 or written notice from the City, may give notice of optional redemption which is conditional upon the Trustee having funds available for the redemption on the date designated for such redemption and which may provide for rescission of the contemplated redemption in the event that funds do not become available.

Notice of redemption of Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the registered owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable at the redemption price specified in such notice and interest accrued thereon to the redemption date, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under this Indenture, and the owners of said Bonds will have no rights in respect thereof except to receive payment of said redemption price and accrued interest.

All Bonds redeemed pursuant to the provisions of this Article will be cancelled upon surrender thereof and delivered to or upon the Written Request of the Authority.

Section 4.06. Purchase in lieu of Redemption. In lieu of redemption of Bonds as provided above, amounts held by the Trustee for such redemption may be applied by the Trustee to the purchase of Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) at the direction of the Authority or the City received by the Trustee at least 60 days prior to the selection of the Bonds for redemption, but such purchase price must not exceed the redemption price that would be payable if such Bonds were redeemed.

ARTICLE V

REVENUES

Section 5.01. Pledge and Assignment of Gross Revenues; Revenue Fund. (a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, 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 such sums, for such purposes, as are expressly permitted by this 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 Trustee will establish a special fund to be known as the "South Tahoe Parking Revenue Fund" (the "Revenue Fund"), which will be maintained by the Trustee so long as any of the Bonds are Outstanding. Commencing September 1, 2013, all Gross Revenues will be transmitted by the Authority to the Trustee at least once in every calendar month and not later than the fifteenth (15th) Business Day of the month next succeeding the month in which such Gross Revenues were received by the Authority. The Trustee will deposit all Gross Revenues to the credit of the Revenue Fund; provided, however, that proceeds of insurance policies or condemnation awards will be deposited into the Insurance and Condemnation Proceeds Fund in accordance with Section 6.06. 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 this Section and in Section 5.02.

(c) Within the Gross Revenue Fund, the Trustee will establish a separate account to be known as the "South Tahoe Parking Maintenance and Operation Expenses Account" (the "Maintenance and Operation Expenses Account"), which account will be maintained so long as any of the Bonds are Outstanding. Upon the receipt of the Gross Revenues by the Trustee pursuant to this Section 5.01, the Trustee will promptly deposit into the Maintenance and Operation Expenses Account that amount necessary to maintain the balance in such account in an amount not less than the amount of budgeted Maintenance and Operation Expenses for the next succeeding two months as set forth in the budget filed with the Trustee pursuant to Section 6.13. At the time the Gross Revenues are transmitted by the Authority to the Trustee pursuant to Section 5.01(b), the Authority will also send to the Trustee any unpaid bills and invoices for Maintenance and Operation Expenses that are then due and payable. So long as no Event of Default has occurred and is continuing hereunder, Maintenance and Operation Expenses of the Project (as set forth in such bills and invoices) will be paid from time to time by the Trustee from the Maintenance and Operation Expenses Account as the same become due and payable, all in accordance with Written Requests of the Authority filed with the Trustee. During any time that an Event of Default has occurred and is continuing hereunder, the Trustee will only apply the amounts on deposit in the Maintenance and Operation Expenses Account to pay such Maintenance and Operation Expenses as may be permitted in accordance with Article VII.

(d) The Trustee may make refunds of prepaid rents, fees or deposits pursuant to law in connection with the operation of the Project, and the moneys so refunded will be paid from the Revenue Fund, all in accordance with Written Requests of the Authority filed with the Trustee.

Section 5.02. Allocation of Gross Revenues to Special Funds. The Trustee will make transfers from the available moneys in the Revenue Fund for the following purposes, in the following order of priority, as hereinafter provided:

- Bond Account
- Bond Interest Account
- Bond Principal Account
- Bond Reserve Account
- Surplus Revenue Account

(a) ***Bond Account.*** The Trustee will establish a separate account to be known as the "South Tahoe Parking Bond Account" (the "**Bond Account**"), which account will be maintained so long as any of the Bonds are Outstanding. The Trustee will establish three sub-accounts within the Bond Account designated as the Bond Interest Account, the Bond Principal Account and the Bond Reserve Account.

(1) ***Bond Interest Account.*** On or before the fifth Business Day of each month, the Trustee will transfer from available moneys in the Revenue Fund and deposit in the Bond Interest Account, in approximately equal monthly installments, an amount equal to at least one-fifth of the aggregate half-yearly amount of interest becoming due and payable on all Outstanding Bonds during the next ensuing six months, until the requisite half-yearly amount of interest on all of the Outstanding Bonds is on deposit in the Bond Interest Account. No deposit need be made in the Bond Interest Account if the amount contained therein is at least equal to the interest to become due in the next ensuing six months upon all of the Bonds then Outstanding. 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 this Indenture).

(2) ***Bond Principal Account.*** On or before the fifth Business Day of each month and after the deposit required pursuant to Section 5.02(a)(1) has been made, the Trustee will transfer from available moneys in the Revenue Fund and deposit in the Bond Principal Account, in approximately equal monthly installments, an amount at least equal to the sum of one-tenth of the aggregate yearly amount of principal becoming due and payable on the Outstanding Bonds during the next ensuing twelve months (including pursuant to mandatory sinking fund redemption). No deposit need be made in the Bond Principal Account if the amount contained therein is sufficient to pay the principal of all Bonds then Outstanding maturing by their terms or pursuant to mandatory sinking fund redemption in the next ensuing twelve months. 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 they become due and payable (including for the purchase or redemption of Bonds prior to their fixed maturity date).

(3) ***Bond Reserve Account.*** On or before the fifth Business Day of each month and after the deposits required pursuant to Section 5.02(a)(1) and (2) have been made, the Trustee will transfer from available moneys in the Revenue 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 Revenue Fund, unless the Authority files its Written Request with the Trustee directing such excess to be deposited into the Extraordinary Redemption Account for the redemption of Bonds pursuant to Section 4.01(c). 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 of the Bonds then Outstanding.

(b) **Surplus Revenue Account.** The Trustee 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. Any moneys remaining in the Revenue Fund at the close of any Fiscal Year, after the requirements of the foregoing subsection (a) have been satisfied, will be deposited by the Trustee 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 upon the filing of a Written Request of the Authority with the Trustee for any of the following purposes –

- (1) to redeem Bonds prior to maturity in accordance with the Indenture;
- (2) to purchase Bonds at prices not exceeding their par value or then current redemption price, whichever is greater, plus accrued interest, which Bonds will be cancelled;
- (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 or the Agency or the City for any lawful purpose.

Section 5.03. Bond Redemption Fund. The Trustee will establish a Bond Redemption Fund, which will be maintained by the Trustee pursuant to the Act, including a separate Optional Redemption Account and a separate Special Redemption Account and a separate Extraordinary Redemption Account therein. All amounts deposited into the Optional Redemption Account and the Special Redemption Account and 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.

Section 5.04. Investment of Funds and Accounts. (a) 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. 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 Revenue Fund.

(b) Except as otherwise provided in subsection (c) of this Section, the Issuer covenants that all investments of amounts deposited in any fund or account created by or pursuant to this 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 this Indenture or the Code) at Fair Market Value.

(c) 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).

ARTICLE VI

COVENANTS OF THE AUTHORITY

Section 6.01. Punctual Payment. The Authority will punctually pay, but only out of Gross Revenues as herein provided, the principal and the interest (and premium, if any) to become due in respect of all the Bonds issued hereunder at the times and places and in the manner specified herein and in such Bonds according to the true intent and meaning thereof, all in such coin or currency of the United States of America as at the time of payment will be legal tender for the payment of debts due the United States of America. When and as paid in full, all such Bonds will thereafter be redelivered to, or upon the order of, the Authority.

Section 6.02. Extension or Funding of Interest Payments. In order to prevent any claims for interest after maturity, the Authority will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest will be extended or funded, whether or not with the consent of the Authority, such claim for interest so extended or funded will not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which will not have been so extended or funded.

Section 6.03. Compliance with Indenture and the Parking Facility Agreement. The Authority will not issue, or permit to be issued, any Bonds hereunder in any manner other than in accordance with the provisions of this Indenture, and will not suffer or permit any default to occur under this 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 this Indenture will be secured hereby.

The Authority will not amend or modify in any manner the Parking Facility Agreement other than in accordance with the provisions of this 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.

Section 6.04. Authorization for Bonds. The Authority is duly authorized under the Act, and all other applicable provisions of law, to create and issue the Bonds and to execute this Indenture, and all action on its part required for the lawful creation and issue of the Bonds and the execution of this Indenture has been duly and effectively taken; and the Bonds, upon the issue, will be valid and enforceable limited obligations of the Authority in accordance with their terms.

Section 6.05. Place for Notices and Demands. The Authority hereby designates the Principal Office of the Trustee as the place where notices and demands in respect of the Bonds may be served or made.

Section 6.06. 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 on each facility constituting a portion of 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 Revenue Fund from the Gross Revenues of the damaged portion of the Project during a period of twenty-four (24) months following a loss caused by perils covered by fire and extended coverage insurance or earthquake insurance (if available as described above);

(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 required in paragraphs (1) – (4) of this Section, 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 this 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 Section 5.01(b), the proceeds of any insurance policy and the proceeds of any condemnation awards with respect to the Project 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 pursuant to this Indenture. 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 this Indenture. If the Authority will elect not to repair or replace the property damaged, destroyed or taken, the Authority will transfer all amounts on deposit in the Insurance and Condemnation Proceeds Fund related thereto to the Special Redemption Account held by the Trustee, and apply such amounts to redeem Bonds pursuant to Section 4.01(a).

Section 6.07. Against Encumbrances; Release of Surplus Special Tax Revenues.

(a) 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 this Indenture.

(b) **[TO BE DISCUSSED]** The pledge and lien upon the Surplus Special Tax Revenues created hereunder will be terminated and Gross Revenues will no longer include any amount of Surplus Special Tax Revenues upon the filing of a Certificate of the Authority with the Trustee confirming that all of the following conditions have been satisfied: (1) based upon the audited financial statements of the Authority, during each of the immediately preceding three (3) successive Fiscal Years the amount of Net Operating Revenues during each such Fiscal Year has been not less than one hundred fifty percent (150%) of Maximum Annual Bond Service; (2) the amount on deposit in the Supplemental Reserve Account is not less than the Supplemental Reserve Account Requirement; and (3) no Event of Default (or any event which, with the passage of time or notice or both would constitute an Event of Default) has occurred and is continuing.

Section 6.08. 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.

Section 6.09. Payment of Taxes. The Authority will promptly pay all lawful taxes and assessments at any time levied or assessed upon or against its properties or the income therefrom, but nothing herein contained will require the Authority to pay any such tax or assessment so long as it will in good faith contest the validity thereof. The Authority from time to time will keep the Trustee currently advised as to the payment of such taxes or assessments and will, upon demand of the Trustee, present such evidence of the payment thereof as the Trustee may require.

Section 6.10. Establishment of Regulations, Rates and Charges.

[TO BE DISCUSSED]

(a) **Prospective Coverage Test.** Upon completion of construction of the Project, and 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 the then current Fiscal Year Operating 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 one and three-tenths (1.3) times Net Maximum Annual Bond Service for the Bond Year commencing in such Fiscal Year (the "Prospective Coverage Test").

(b) **Actual Coverage Test.** On or before _____ 1 in each year, commencing on the _____ 1 next following the completion of not less than 12 months of operations for the Project (as evidenced by the Certificate of the Authority filed with the Trustee pursuant to Section 3.02), the Authority will file with the Trustee a Certificate of the Financial Consultant calculating the actual ratio of Net Operating Revenues for the immediately preceding Fiscal Year to Net Maximum Annual Bond Service for the Bond Year commencing during such Fiscal Year. The Authority will take all reasonable actions to assure that (i) such ratio is not less than 1.3:1; and (ii) Surplus Special Tax Revenues for the immediately preceding Fiscal Year, commencing with the Fiscal Year ending September 30, 2006, are not less than \$190,000 (the "Actual Coverage Test").

In the event that at any time after the Actual Coverage Test has taken effect, the Actual Coverage Test is not met because the ratio set forth in such Certificate of the Financial Consultant is less than 1.3:1, the Authority and Trustee will take the following actions:

(i) on or before the fifth Business Day of December and the fifth Business Day of each month thereafter, the Trustee will make the deposits required pursuant to Section 5.02(b)(1)(iii) and will continue to make such monthly deposits to the Supplemental Reserve Account (regardless of whether the amount then on deposit in the Supplemental Reserve Account is equal to or greater than the Supplemental Reserve Account Requirement) until such time as the Authority has filed its Certificate of the Financial Consultant with the Trustee certifying that it has satisfied the Actual Coverage Test for two (2) successive Fiscal Years; and

(ii) 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 and the 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 and the Trustee continues to make the required deposits to the Supplemental Reserve Account pursuant to this Section 6.10(b) and Section 5.02(b), failure to comply with the Prospective Coverage Test and the Actual Coverage Test will not constitute an Event of Default under Section 7.01(b).

Section 6.11. 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 hereinafter provided in this Section. 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 this 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 Section, 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 three-tenths (1.3) times the Net Maximum Annual Bond Service for such Fiscal Year.

The foregoing conditions do not apply in the event the Authority sells, abandons or otherwise disposes of any part of the Project which produced two percent (2%) or less of the Net Operating Revenues for the preceding Fiscal Year.

Section 6.12. Accounting Records and Reports. 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 herein contained 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.

Not later than one hundred eighty (180) days after the end of each Fiscal Year commencing with the Fiscal Year in which this Indenture will have been executed and delivered, the Authority will furnish or cause to be furnished to the Trustee a detailed, certified report of audit, based on an examination sufficiently complete to comply with generally accepted auditing standards, prepared by an independent certified public accountant, covering the operations of the Project for the Fiscal Year next preceding, and showing the income, expenses (by major

classification) and Net Operating Revenues for such period. Such audit report will include, a statement showing in reasonable detail the income, number of parking spaces and the schedule of rates, rentals, fees or other charges applicable in such Fiscal Year. Not later than one hundred eighty (180) days after the end of each Fiscal Year of the Authority, the Authority will also furnish to the Trustee a certified report of audit, prepared by an independent certified public accountant, reflecting the financial condition and record of operation of the Authority. There will also be included with each audit report a written opinion of the independent certified public accountant, stating that in making the examination necessary to said audit no knowledge of any default by the Authority in the fulfillment of any of the terms, covenants, provisions and conditions of this Indenture, or any Supplemental Indenture, was obtained or, if said accountant will have obtained knowledge of any such default, a statement of the default or defaults thus discovered and the nature thereof. Additional copies of such audit report will be furnished to the Participating Underwriter, as may be agreed upon by the Authority and the Participating Underwriter.

Section 6.13. 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 thereafter, the Authority agrees to prepare and to file with the Trustee a budget for the Project for such Fiscal Year. Such budget will describe for each month during the Fiscal Year 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 Bond 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. Not less frequently than quarterly during each Fiscal Year, the Authority will review such budget against the actual operating results for the Project and make such adjustments to the rentals, rates, fees and charges for the Project, the Maintenance and Operation Expenses and take such other actions as may be reasonably necessary to maintain Net Operating Revenues at the amount stated in the budget and to satisfy the requirements of Section 6.10.

Section 6.14. 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.

Section 6.15. [Reserved]

Section 6.16. 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 herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Bonds.

Section 6.17. Continuing Disclosure. The Authority and the Trustee hereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the Authority or the Trustee to comply with the Continuing Disclosure Agreement will not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, will) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Trustee, as the case may be, to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 6.18. Further Assurances. The Authority will make, execute and deliver, whenever demanded by the Trustee, any and all such further and other instruments and assurances as may be reasonably necessary or proper to carry out the intention of or to facilitate the performance of the terms of this Indenture or to secure the rights and remedies hereunder of the owners of the Bonds.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES

Section 7.01. Events of Default; Acceleration; Waiver of Default. (A) 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 this 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 this Indenture or in the Bonds Outstanding contained to the contrary notwithstanding. Notwithstanding anything to the contrary expressed in this section, the Trustee will not be deemed to have knowledge of any Event of Default other than as described in Section 7.01(A)(a) hereunder 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 herein, 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 herein 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 hereinafter provided, 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.

Section 7.02. Institution of Legal Proceedings by Trustee. If one or more of the Events of Default will happen and be continuing, the Trustee in its discretion may, and upon the written request of the owners of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, will, proceed to protect or enforce its rights or the rights of the owners of Bonds Outstanding under this Indenture by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee will deem most effectual in support of any of its rights and duties hereunder.

Section 7.03. Application of Moneys Collected by Trustee. Any moneys collected by the Trustee pursuant to Section 7.02 will be applied in the order following, at the date or dates fixed by the Trustee and, in the case of the distribution of such moneys on account of principal (or premium, if any) or interest, upon presentation of the Bonds Outstanding, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of costs and expenses of collection, just and reasonable compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and all other expenses and liabilities incurred, and for any advances made pursuant to the provisions of this Indenture.

Second: In case the principal of none of the Bonds will have become due and remain unpaid, to the payment of interest in default in order of the maturity thereof, such payments to be made ratably and proportionately to the Persons entitled hereto without discrimination or preference, except as specified in Section 6.02.

Third: In case the principal of any of the Bonds Outstanding will have become due by declaration or otherwise and remain unpaid, first to the payment of interest in default in the order of maturity thereof, and then to the payment of the principal of all Bonds Outstanding then due and unpaid and the premium thereon, if any; in every instance such payment to be made ratably to the Persons entitled thereto without discrimination or preference, except as specified in Section 6.02.

Fourth: To the payment of Maintenance and Operation Expenses, unless the Bondholders of not less than sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding will direct that the Maintenance and Operation Expenses will be paid in an earlier order of priority, in which case the Trustee will apply such moneys in accordance with the direction of such Bondholders.

Section 7.04. Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any owner of Bonds to exercise any right or power arising from any default will impair any such right of power or will be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Trustee or to the owners of Bonds may be exercised from time to time, and as often as will be deemed expedient. In case the Trustee will have proceeded to enforce any right under this Indenture, and such proceedings will have been discontinued or abandoned because of waiver or for any other reasons, or will have been determined adversely to the Trustee, then and in every such case the Authority and the Trustee, and the owners of the Bonds, severally and respectively, will be restored to their former positions and rights hereunder in respect to the trust estate; and all

remedies, rights and powers of the Authority, the Trustee and the owners of the Bonds will continue as though no such proceedings had been taken.

Section 7.05. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or any owner of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given hereunder.

Section 7.06. Covenant to Pay Bonds in Event of Default. The Authority covenants and agrees that, upon the happening of any event of default as defined in Section 7.01(A), the Authority will pay, but only out of Gross Revenues, to the Trustee, upon demand, for the benefit of the owners of the Bonds Outstanding, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal and premium, or both, as the case may be, and all other sums which may be due hereunder or secured hereby, including reasonable compensation to the Trustee, its agents and counsel, and any expenses or liabilities incurred by the Trustee hereunder. In case the Authority will fail to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust, will be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that each judgment, if any, will be limited to, and payable solely out of, Gross Revenues as herein provided and not otherwise. The Trustee will be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Trustee to recover such judgment will not be affected by the exercise of any other right, power or remedy for enforcement of the provisions of this Indenture.

Section 7.07. Trustee Appointed Agent for Bondholders. The Trustee is hereby appointed the agent and attorney of the owners of all Bonds Outstanding hereunder for the purpose of filing any claims relating to the Bonds Outstanding.

Section 7.08. Power of Trustee to Control Proceedings. In the event the Trustee, upon the happening of an Event of Default, will have taken some action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the owners of a majority in principal amount of the Bonds then Outstanding, it will have full power, in the exercise of its discretion for the best interests of the owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an event of default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the owners of at least a majority in principal amount of the Bonds Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 7.09. Limitation on Bondholders' Right to Sue. No owner of any Bond issued hereunder will have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Indenture, unless (a) such owner will have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the owner of at least a majority in aggregate principal amount of all the Bonds then Outstanding will have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said owners will have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in

compliance with such request; and (d) the Trustee will have refused or omitted to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any owner of Bonds of any remedy hereunder; it being understood and intended that no one or more owners of Bonds will have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner herein provided and for the equal benefit of all owners of the Outstanding Bonds (subject to the provisions of Section 6.02).

The right of any owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond out of Gross Revenues, as herein and therein provided on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 7.10. Waiver of Personal Liability. No recourse will be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or otherwise in respect thereof, or based on or in respect of this Indenture or any indenture supplemental hereto, against any member or officer, as such, past, present or future, of the Authority, the City or the Agency or of any predecessor or successor entity, either directly or through the Authority or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; it being expressly understood that the Bonds and all obligations of the Authority under this Indenture are solely limited obligations payable exclusively out of Gross Revenues as herein and therein provided and that all such personal liability of such members and officers is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Bonds.

Section 7.11. Limitation of Liability to Gross Revenues. Notwithstanding anything in this Indenture contained, the Authority 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 in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for the maintenance and operation of the Project.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee. The Trustee will, prior to an Event of Default as defined in Section 7.01(A), and after the curing of all such events of default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee will, during the existence of any such event of default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

No provision of this Indenture will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own misconduct, except that --

(a) prior to such an event of default hereunder and after the curing of all such events of default which may have occurred --

(1) the duties and obligations of the Trustee will be determined by the express provisions of this Indenture, and the Trustee will not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations will be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision is specifically required to be furnished to the Trustee, the Trustee will be under a duty to read such certificate or opinion to determine if such document states the matters required by the Indenture to be stated therein; and

(b) at all times, regardless of whether or not any such event of default will exist --

(1) the Trustee will not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(2) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of not less than a majority in aggregate principal amount of all the Bonds at the time Outstanding or in accordance with the direction of the owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

None of the provisions contained in this Indenture will require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 8.02. Right of Trustee to Rely upon Documents, Etc. Except as otherwise provided in Section 8.01 --

(a) the Trustee may rely and will be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, and the Trustee may rely upon the correctness of statements of fact and of opinions contained in any certificate, audit report or opinion prepared pursuant to and conforming with the requirements of this Indenture;

(b) any notice, request, direction, election, order or demand of the Authority mentioned herein will be sufficiently evidenced by an instrument signed in the name of the Authority by an Authorized Authority Representative (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Authority may be evidenced to the Trustee by a certified copy of such resolution;

(c) the Trustee may consult with counsel (who may be counsel for the Authority) and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) whenever in the administration of the provisions of this Indenture the Trustee will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively provided and established by a Certificate of the Authority; and such Certificate of the Authority will, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof; and

(e) the Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders pursuant to this Indenture, unless such Bondholders will have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care hereunder.

Section 8.03. Trustee Not Responsible for Recitals. The recitals contained herein and in the Bonds will be taken as the statements of the Authority, and the Trustee assumes no

responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bonds, or as to the sufficiency of the Gross Revenues, to meet the obligations of the Authority hereunder, or as to the right, title or interest of the Authority in and to the Project. The Trustee will not be accountable for the use or application of the Authority of any of the Bonds authenticated or delivered hereunder of the proceeds of such Bonds.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. 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 this 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 this Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein 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 this 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 this Indenture, or in regard to any matters or any questions arising under this Indenture, as the Authority may deem necessary or desirable and not inconsistent with this Indenture, and which will not materially adversely affect the interests of the owners of the Bonds; and

(d) 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 this Section 9.01 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 of Section 9.02, 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 this Indenture or otherwise.

Section 9.02. Modification with Consent of Bondholders. With the consent (evidenced as provided in Section 11.08) 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, this 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 this 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 this 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 Section 9.02 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 of this Section 9.02, 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.

Section 9.03. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of this Article IX, this Indenture will be and be deemed to be modified and amended in accordance therewith, and respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all owners of Bonds Outstanding will thereafter be determined, exercised and endorsed hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such Supplemental Indenture will be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.04. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.01, the Trustee may receive an Opinion of Counsel as conclusive evidence that any Supplemental Indenture executed pursuant to the provisions of this Article IX complies with the requirements of this Article IX.

Section 9.05. Notation of Modification on Bonds; Preparation of New Bonds. Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Trustee, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture will so provide, new Bonds, so modified as to conform, in the opinion of the Trustee and the Authority, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared by the Authority, authenticated by the Trustee and delivered without cost to the owners of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. 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, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem Bonds Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, Bonds Outstanding.

If the Authority will pay all Bonds Outstanding and will also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds will not have been surrendered for payment, this Indenture and the pledge of Gross Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Authority under this Indenture will cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 10.02. In such event, upon Written Request of the Authority, the Trustee will cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and will execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee and any paying agents will pay over, transfer, assign or deliver to the Authority all moneys or securities or other property held by them pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) 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 in Article IV provided (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 of Section 10.04 will apply in all events.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and will be--

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given as in Article IV provided or provision satisfactory to the Trustee will have been made for the giving of such notice, the amount to be deposited or held will be the principal, premium, if any and all unpaid interest thereon to the redemption date; or

(b) Permitted Investments described in clause (1) of the definition thereof in Section 1.01 the principal of and interest on which when due will provide money sufficient to pay the principal, premium, if any, and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal, premium, if any, and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as in Article IV provided or provision satisfactory to the Trustee will have been made for the giving of such notice; provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Authority) to apply such money to the payment of such principal, premium, if any, and interest with respect to such Bonds.

Section 10.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal, premium, if any, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, will, upon Written Request of the Authority, be repaid to the Authority free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee, as the case may be, will at the request of the Authority (at the cost of the Authority) first mail a notice, in such form as may be deemed appropriate by the Trustee, to the owners of the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successors of the Authority. All the covenants, stipulations, promises and agreements in this Indenture contained, by or in behalf of the Authority, will bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 11.02. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or will be construed to give to any Person other than the Authority, the Trustee, and the owners of the Bonds issued hereunder, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and will be held to be for the sole and exclusive benefit of the Authority, the Trustee and the owners of the Bonds issued hereunder.

Section 11.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice, and in any such case the giving or receipt of such notice will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, upon the Written Request of the Authority, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Authority, if the Authority will so require) and deliver a certificate of such destruction to the Authority.

Section 11.05. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds will for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Indenture, but this Indenture will be construed as if such invalid or illegal or unenforceable provision and never been contained herein.

Section 11.06. Notices to Trustee and Authority. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the [TRUSTEE], 700 South Flower Street, Suite 500, Los Angeles, CA 90017, Attention: Corporate Trust Department or at the Principal Office designated by the Trustee. Any notice to or demand upon the Authority will be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post-office letter box addressed to the Authority at 1901 Airport Road, Suite 203, South Lake Tahoe, CA 96150, Attention: Executive Director, or to the Authority at such other address as may be filed in writing by the Authority with the Trustee.

Section 11.07. Deposit of Funds to Pay or Redeem Bonds. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or funds in the necessary amount to pay or redeem any Bonds, the amount so to be deposited or held will be the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which there will have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given, the amount so to be deposited or held will be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any.

Section 11.08. Evidence of Rights of Bondholders.

(a) Any request, consent or other instrument required by this Indenture to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in Person or any agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, will be sufficient for any purpose of this Indenture and will be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof.

(c) The amount of Bonds transferable by delivery held by any Person executing any such request, consent or other instrument or writing as a Bondholder, the distinguishing numbers of the Bonds held by such Person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depository (wherever situated), if such certificate will be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such Person had on deposit with such depository, or exhibit to it, the Bonds therein described; or such facts may be proved by the certificate or affidavit of the Person executing such request, consent or other instrument or writing as a Bondholder, if such certificate or affidavit will be deemed by the Trustee to be satisfactory. The Trustee and the Authority may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The ownership of Bonds will be proved by the register of such Bonds. Any request, consent or vote of the owner of any Bond will bind every future owner of the same Bond and the owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote.

(d) In determining whether the owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Authority, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under common control with, the Authority or any other obligor on the Bonds, will be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, that, for the purpose of determining whether the Trustee will be protected in relying on any such demand, request, direction, consent or waiver, Only Bonds which the Trustee knows to be so owned will be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this subsection (d) if the pledges will establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under common control with, the Authority or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel will be full protection to the Trustee, Bonds owned by or held for the account of the Authority, the State of California or any political subdivision thereof (including any municipal corporation, district or public corporation, authority or agency thereof, of any class or kind, or any pension fund established for the employees or officials of any thereof) will not be deemed Outstanding for the purposes of any vote or consent

or other action. No bank organized under the laws of the State of California and no national banking association will be deemed to be an agency of said State.

Section 11.09. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts will for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee will preserve undestroyed, will together constitute but one and the same instrument.

IN WITNESS WHEREOF, THE SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY has caused this Indenture to be signed in its corporate name by its Interim Executive Director, and [TRUSTEE], in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed by one of its authorized officers, all as of the day and year first above written.

SOUTH TAHOE JOINT POWERS
PARKING FINANCING AUTHORITY

By _____
Executive Director

[TRUSTEE], as Trustee

By _____
Authorized Officer

EXHIBIT A

**Description of the Project
[to come]**

EXHIBIT B
[FORM OF BOND]

R-

\$

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

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
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REGISTERED OWNER

PRINCIPAL SUM:

DOLLARS

The South Tahoe Joint Powers Parking Financing Authority, a joint exercise of powers agency of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of Gross Revenues as hereinafter provided) to the registered owner referred to above or registered assigns on the maturity date referred to above (subject to any right of prior redemption hereinafter expressly reserved) the principal sum specified above, and to pay interest thereon at the rate specified above per annum (based on a 360-day year consisting of twelve 30-day months), payable semiannually on _____ 1 and _____ 1 in each year, commencing _____ 1, 2013, from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered on an interest payment date, in which event it will bear interest from the date of registration, or unless this Bond is registered prior to November 16, 2013 in which event it will bear interest from the original issue date referred to above) until the payment of such principal sum. The principal is payable at the Principal Office of the [TRUSTEE], as trustee (the "Trustee"), in lawful money of the United States of America. The interest hereon is payable to the person whose name appears on the bond registration books of the Trustee as the registered owner as of the close of business on the fifteenth day of the month immediately preceding an interest payment date, whether or not such day is a business day, such interest to be paid by check or draft mailed to such registered owner at his or her address as it appears on such registration books.

This Bond is one of a duly authorized issue of Bonds of the Authority designated as "South Tahoe Joint Powers Parking Financing Authority Parking Revenue Refunding Bonds (the "Bonds")", unlimited in aggregate principal amount, except as otherwise provided in the Indenture hereinafter mentioned, of the designation indicated on the face, which issue of Bonds are all issued under and equally secured by an indenture of Trust (the "Indenture"), dated as of September 1, 2013, between the Authority and the Trustee. This Bond, together with all other Bonds issued under the Indenture, is authorized to be issued pursuant to the provisions of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (codified at California Government Code Sections 6500 and following) (the "Act"). The Bonds are limited obligations of the Authority to which the Authority is obligated to apply only the Gross Revenues (the "Gross Revenues") as defined in and only to the extent required by the Indenture, to the payment of the principal of and interest and premium, if any, on the Bonds. This Bond is not a lien, charge or liability against the State of California, the City of South Lake Tahoe, South Tahoe Redevelopment Successor Agency or the Authority or against the property or funds of

any of them, except to the extent of the pledge of the Gross Revenues, as provided by the Indenture. Reference is hereby made to the Act, the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder, to all of the provisions of which Indenture the owner of this Bond, by acceptance, assents and agrees.

The Indenture and the rights and obligations of the Authority and the Trustee and the owners of the Bonds may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided, however, that no such modification or amendment will (1) extend the stated maturity of this Bond or reduce the rate of interest hereon, or extend the time of payment of interest, or reduce the amount of the principal, or reduce any premium payable on the redemption, without the consent of the owner, 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 (except as expressly provided in the Indenture) or reduce the percentage of owners of Bonds Outstanding whose consent is required for the execution of such Supplemental Indenture, without the consent of the owners of all Bonds then Outstanding.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 and authorized multiples thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations.

This Bond is transferable by the owner, in person or by his or her attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange herefor; provided, however that no such exchange or transfer need be made by the Trustee during the fifteen (15) days prior to an interest payment date.

If an event of default, as defined in the Indenture, will occur, the principal of all Bonds Outstanding may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

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, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium. If Bonds are redeemed in part pursuant to this subsection (a), moneys in the Special 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.

The Bonds maturing on or before _____, are not subject to optional redemption prior to their stated maturity dates. The Bonds maturing on or after _____, are subject to redemption on or after _____, at the option of the Authority from any source of available funds, 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 following redemption prices (expressed as percentages of the principal amount called for redemption together with accrued interest to the date fixed for redemption):

Redemption Date **Redemption Price**

The Bonds are also subject to in redemption at the option of the Authority from excess funds in the Bond Reserve Account pursuant to the terms of the Indenture, in part on any interest payment 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 following redemption prices (expressed as percentages of the principal amount called for redemption together with accrued interest to the date fixed for redemption):

Redemption Date **Redemption Price**

The Term Bonds 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 Section 5.02(a)(2), at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

Term Bonds Maturing _____

<p>Sinking Fund Redemption Date (_____ 1)</p>	<p>Principal Amount To Be <u>Redeemed</u></p>
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As provided in the Indenture, notice of redemption will be given to each registered owner thereof by mail, first class postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest will cease to accrue hereon from and after the date fixed for redemption.

No recourse will be had for the payment of the principal of or the interest on this Bond or for any claim based hereon or otherwise in respect, or based on or in respect of the Indenture or any indenture supplemental thereto, against any member, employee, agent or officer, as such, past, present or future, of the Authority or of any predecessor or successor entity, either directly or through the Authority or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being by the

acceptance and as part of the consideration for the issue expressly waived and released, as provided in the Indenture.

The Authority and the Trustee may deem and treat the registered owner as the absolute owner for all purposes, and the Authority, the Trustee and the paying agent will not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due time, form and manner as required by the Act, and the Constitution and laws of the State of California.

This Bond will not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed will have been signed by the Trustee.

IN WITNESS WHEREOF, THE SOUTH TAHOE JOINT POWERS PARKING FINANCING AUTHORITY has caused this Bond to be executed in its name and on its behalf with the signature of its Chairman and the countersignature of its Secretary, all as of the Original Issue Date specified above.

THE SOUTH TAHOE JOINT POWERS
PARKING FINANCING AUTHORITY

By: _____
Chairman

Attest:

Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture registered on

_____.

[TRUSTEE], as Trustee

By _____
Authority Signatory

[FORM OF ASSIGNMENT]

For value received _____ the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Bond register of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the Bond in every particular without alteration or enlargement or any change whatsoever. Signature guaranteed by:

Note: Signature(s) guarantee must be made by an eligible guarantor institution (banks, stockbrokers, savings and loans association and credit unions with membership in an approved signature medallion program) pursuant to Securities and Exchange Commission Rule 17Ad-15.