



City of South Lake Tahoe
"making a positive difference now"

STAFF REPORT

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SOUTH TAHOE
REDEVELOPMENT AGENCY MEETING OF MAY 15, 2015**

To: Honorable Mayor and Council

From: Thomas Watson, Attorney for South Tahoe Redevelopment Successor Agency
Mark Carlson, Administrative Services Director, for STRSA

Re: Resolution Of The Oversight Board Of The Successor Agency To The South
Tahoe Redevelopment Agency Approving A Resolution Of The Board Of
Directors Of The Successor Agency Relating To The Issuance Of Community
Facilities District No. 2001-1 (Park Avenue Project) Special Tax Refunding Bonds

RECOMMENDATION:

Adopt Resolution (Attachment 1)

BACKGROUND:

The South Tahoe Redevelopment Agency issued the Community Facilities District No. 2001-1 (Park Avenue Project) Series 2007 Special Tax Refunding Bonds (Heavenly Village) (the "2007 Bonds") to refund the 2001 Special Tax Bonds. The bonds are payable from special taxes levied on property in Community Facilities District No. 2001-1 ("CFD 1") and not from tax increment. Special taxes from CFD 1 also pay, on a subordinate basis to the 2007 bonds, the South Tahoe Joint Powers Parking Financing Authority Series 2013 Parking Revenue Refunding Bonds (the "2013 Parking Bonds"), which were issued to refund the 2002 Series A Parking Revenue Bonds. Revenues for debt repayment of the 2013 Parking Bonds consist of parking garage operating revenues and surplus (after payment of the CFD 1 bonds) special tax revenue from CFD 1. Bond covenants for the 2013 Parking Bonds require that the ratio of net revenue to net maximum annual bond debt service be maintained at 150%. Proceeding with the refunding of the 2007 Bonds will achieve a lower interest rate and thus generate debt service savings on 2007 Bonds and help to improve the debt service coverage on the 2013 Parking Bonds.

ISSUE AND DISCUSSION:

Upon refunding the bonds, the annual special annual tax levies on the parcel holders would remain the same, and the annual debt service savings resulting from the refunding would be used to augment the amount of surplus special tax revenues available to pay debt service on the parking garage bonds. The 2007 Bonds are outstanding in an amount of \$6,160,000 and are

callable on interest payment dates, beginning October 1st, 2015 at a price of 102%. Estimated refunding savings are summarized below and are above the City's Debt Policy requirement of 3.0%.

Refunded Series	2007
Refunded Principal	\$ 6,160,000
Net Present Value Savings	302,926
<i>As % of Refunded Bonds</i>	4.92%
Gross Cash Flow Savings	433,490
Average Annual Savings	27,093

Process

On May 5, 2015 the Governing Board of the Successor Agency to the South Tahoe Redevelopment Agency acting as the legislative body of Community Facilities District No. 2001-1 (Park Avenue Project) met and approved resolution 2015-4 approving the issuance of special tax refunding bonds and taking certain related actions. Under Section 34162(a) of the Dissolution Act, issuance of bonds by the Successor Agency "for any purpose, regardless of source of repayment" requires the Department of Finance (the "DOF") submission procedure. Accordingly, if the attached resolution is adopted by the Board, the item will move forward to the DOF, although here the Successor Agency is only acting in the capacity of issuer and the repayment of CFD 1 bonds is not from former RDA increment and CFD 1 special taxes are not allowed to be allocated as if they were tax increment under Dissolution Act. Note that even if the refunding conditions of the Dissolution Act for tax increment bonds applied (i.e., savings) the Successor Agency would still be meeting the test.

Once the Successor Agency receives the DOF's approval of the Oversight Board resolution, Staff will return to the City Council for approval of additional documents, including a preliminary official statement (an offering disclosure document) and a bond purchase agreement to be executed with Stifel Nicolas & Company, the bond underwriter.

Financing Team

The Successor Agency will be assisted by the same team which worked on the 2013 Parking Bonds. Stifel Nicolas & Company (Eileen Gallagher) is the bond underwriter. Public Financial Management (Robert Gamble) serves as the Financial Advisor. Jones Hall (David Fama) serves as Bond Counsel and Disclosure Counsel. Willdan Financial Service (Bob Quaid) serves as the Special Tax Consultant. Even before the 2013 Parking Bonds, each of these team members had experience working with the City of South Lake Tahoe and the former Redevelopment Agency as either members of the original financing team or previous refunding transactions or in providing on-going services. Each of these team members has been sole-sourced due to their unique knowledge of the bonds as well as post-redevelopment era financial and legal transaction requirements.

REFUNDING DOCUMENTS:

Attached to this Staff Report are the documents to be executed in connection with this 2015 refunding. Below is a description of these documents.

Fiscal Agent Agreement

The Fiscal Agent Agreement is to be entered into by the Successor Agency and The Bank of New York Mellon Trust Company and is the document that authorizes the terms and conditions for the bonds. It provides that a fiscal agent will receive moneys generated from the special taxes levied in the CFD and use the moneys to pay bondholders. It also provides for the safekeeping of a reserve fund to cover payments should any deficiencies occur because of non-payment of special taxes.

Escrow Agreement

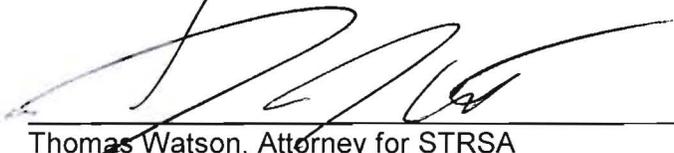
The Escrow Agreement is also to be entered into by the Successor Agency and The Bank of New York Mellon Trust Company and provides for the bank, as escrow agent (and fiscal agent of the 2007 Bonds) to hold proceeds of the refunding bonds in an escrow account to be used for redemption prior to maturity of the 2007 Bonds on October 1, 2017, at which time the account is closed.

SIGNATURES:

By:



Mark Carlson, Administrative Services Director, for STRSA



Thomas Watson, Attorney for STRSA

Attachments:

1. Resolution
2. Financial Advisor's Analysis
3. Fiscal Agent Agreement
4. Escrow Agreement

Attachment 1

Resolution

RESOLUTION NO. _____

**RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE SOUTH TAHOE
REDEVELOPMENT AGENCY APPROVING A
RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SUCCESSOR AGENCY RELATING TO THE
ISSUANCE OF COMMUNITY FACILITIES DISTRICT
NO. 2001-1 (PARK AVENUE PROJECT) SPECIAL
TAX REFUNDING BONDS**

WHEREAS, the Community Facilities District No. 2001-1 (Park Avenue Project), South Tahoe Redevelopment Agency, County of El Dorado, State of California (the "CFD") is a community facilities district duly formed pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"), set forth in Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the Government Code of the State California (the "State"); and

WHEREAS, the South Tahoe Redevelopment Agency (the "Former Agency") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law set forth in Section 33000 et seq. of the Health and Safety Code of the State; 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 Former Agency was dissolved as of February 1, 2012, and the Successor Agency to the South Tahoe Redevelopment Agency (the "Successor Agency"), as the successor to the Former Agency, was constituted, and the Oversight Board to the Successor Agency (the "Oversight Board") was established; 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 "RDA Dissolution Act"); and

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

WHEREAS, prior to the Former Agency's dissolution, the governing board of the Former Agency conducted proceedings in 2001 to form the CFD, to authorize the levy of special taxes

Oversight Board Of The Successor Agency To The South Tahoe Redevelopment Agency
Authorize Refunding of a Portion of Special Tax Refunding Bonds
Resolution 2015-_____

May 15, 2015

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upon the taxable property within the CFD (the "Special Tax"), and to issue bonds secured by said revenues of such Special Tax ("Special Tax Revenues") to finance certain public facilities (the "Facilities"), all as described in those proceedings; and

WHEREAS, under the provisions of the Mello-Roos Act, the CFD previously issued its \$7,200,000 initial principal amount South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Series 2007 Special Tax Refunding Bonds (Heavenly Village) (the "Prior Bonds") to refund the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) 2001 Special Tax Bonds (the "2001 Bonds"), the proceeds of which were used to acquire the Facilities;

WHEREAS, the Board of Directors of the Successor Agency (the "Successor Agency Board"), acting as the legislative body of the CFD, has adopted its Resolution No. 2015-4, on May 5, 2015 (the "Successor Agency Board Resolution"), approving the issuance of bonds to be designated the "South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project), Special Tax Refunding Bonds, Series 2015" (the "Bonds") pursuant to a fiscal agent agreement (the "Fiscal Agent Agreement") to provide funds to refund the Prior Bonds; and

WHEREAS, the Oversight Board has received a copy of the Successor Agency Board Resolution; and

WHEREAS, the Prior Bonds are, and the Bonds upon their issuance will be, payable from and secured by Special Tax Revenues and not from a pledge of any property tax revenues allocable to the Successor Agency's Redevelopment Property Tax Trust Fund pursuant to the RDA Dissolution Act; and

WHEREAS, the Successor Agency Board adopted its Resolution No. 2013-02 on July 2, 2013, and the Oversight Board adopted its Resolution No. 2013-4 on July 2, 2013 ("OB Resolution No. 2013-4"), making certain findings and determinations relating to the CFD, including that:

- (a) The CFD is a legal governmental entity, separate from the Successor Agency;
- (b) All revenues from the collection of Special Taxes ("Special Tax Revenues") are revenues of the CFD and not of the Successor Agency;
- (c) Collection of, and payments out of, Special Tax Revenues are subject to the Mello-Roos Act and the Rate and Method of Apportionment of Special Tax for the CFD (the "Rate and Method"), and not the RDA Dissolution Act;
- (d) Despite the status of the Board of Directors of the Successor Agency as the legislative body of the CFD, payments out of Special Tax Revenues are not payments by the Successor Agency for the purposes of the RDA Dissolution Act, but are payments by the CFD; and
- (e) Payments out of Special Tax Revenues shall not be included in any Recognized Obligation Payment Schedule of the Successor Agency under Health and Safety

Oversight Board Of The Successor Agency To The South Tahoe Redevelopment Agency
Authorize Refunding of a Portion of Special Tax Refunding Bonds
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Code Section 34177 or be subject to other requirements of the RDA Dissolution Act; and

WHEREAS, OB Resolution No. 2013-4 was submitted to the State Department of Finance (the "DOF") and the DOF issued its letter, dated July 31, 2013, indicating the DOF's approval of OB Resolution No. 2013-4;

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board approves the Successor Agency Board Resolution. The Oversight Board hereby affirms its findings and determinations set forth in OB Resolution No. 2013-4.

Section 3. The members of this Oversight Board and the officers and other staff members of the Successor Agency are hereby authorized, jointly and severally, to do all things, including but not limited to the execution and delivery of any instrument, 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 May 15, 2015, by the following vote:

AYES: Board members _____

NOES: Board members _____

ABSTAIN: Board members _____

ABSENT: Board members _____

ATTEST:

Secretary

Chair

Attachment 2

Financial Advisor's Analysis



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

**City of South Lake Tahoe, California
Successor Agency to the South Tahoe
Redevelopment Agency**

Community Facilities District No. 2001-1

(Park Avenue Project)

Special Tax Refunding Bonds

Series 2015

Estimated Debt Service Savings

as of May 8, 2015



Summary of Bonds Refunded

Component	Maturity	Par Amount
Serial Bond	10/1/2015	\$245,000
Serial Bond	10/1/2016	255,000
Serial Bond	10/1/2017	265,000
Serial Bond	10/1/2018	280,000
Serial Bond	10/1/2019	290,000
Serial Bond	10/1/2020	305,000
Serial Bond	10/1/2021	320,000
2031 Term Bond	10/1/2022	335,000
2031 Term Bond	10/1/2023	350,000
2031 Term Bond	10/1/2024	370,000
2031 Term Bond	10/1/2025	385,000
2031 Term Bond	10/1/2026	405,000
2031 Term Bond	10/1/2027	425,000
2031 Term Bond	10/1/2028	445,000
2031 Term Bond	10/1/2029	470,000
2031 Term Bond	10/1/2030	495,000
2031 Term Bond	10/1/2031	520,000
Total		\$6,160,000



Estimated Annual Savings

Bond Year	Savings
10/1/2016	\$26,745
10/1/2017	29,270
10/1/2018	29,595
10/1/2019	24,715
10/1/2020	25,125
10/1/2021	25,290
10/1/2022	25,500
10/1/2023	24,750
10/1/2024	29,000
10/1/2025	28,000
10/1/2026	27,000
10/1/2027	26,000
10/1/2028	30,000
10/1/2029	28,750
10/1/2030	27,500
10/1/2031	26,250
Total	\$430,490



Estimated Sources and Uses of Funds

Sources:

Principal Amount	\$ 5,580,000.00
Premium	632,859.30
Reserve Fund Release	26,250.00
10/1/15 Payment Contribution	394,887.50

Total Sources	\$6,633,996.80
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Uses:

Refunding Escrow Deposits	6,428,187.50
Delivery Date Expenses	
Cost of Issuance	150,009.30
Underwriter's Discount	55,800.00
	<hr/> 205,872.70

Total Uses	\$6,633,996.80
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Attachment

Preliminary Refunding Analysis

SOURCES AND USES OF FUNDS

City of South Lake Tahoe
2015 Refunding of 2007 CFD Special Tax Bonds

Sources:

Bond Proceeds:	
Par Amount	5,580,000.00
Premium	632,859.30
	<u>6,212,859.30</u>

Other Sources of Funds:	
DSRF Release	26,250.00
10/1/15 Payment	394,887.50
	<u>421,137.50</u>

6,633,996.80

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.50
SLGS Purchases	6,428,187.00
	<u>6,428,187.50</u>

Delivery Date Expenses:	
Cost of Issuance	150,000.00
Underwriter's Discount	55,800.00
	<u>205,800.00</u>

Other Uses of Funds:	
Additional Proceeds	9.30

6,633,996.80

SUMMARY OF REFUNDING RESULTS

City of South Lake Tahoe
 2015 Refunding of 2007 CFD Special Tax Bonds

Dated Date	09/01/2015
Delivery Date	09/01/2015
Arbitrage yield	3.333791%
Escrow yield	0.000000%
Value of Negative Arbitrage	17,686.94
Bond Par Amount	5,580,000.00
True Interest Cost	3.672683%
Net Interest Cost	3.927499%
Average Coupon	5.000000%
Average Life	9.642
Par amount of refunded bonds	6,160,000.00
Average coupon of refunded bonds	4.959556%
Average life of refunded bonds	9.210
PV of prior debt to 09/01/2015 @ 3.333791%	7,042,162.50
Net PV Savings	302,926.41
Percentage savings of refunded bonds	4.917637%
Percentage savings of refunding bonds	5.428789%

SUMMARY OF BONDS REFUNDED

City of South Lake Tahoe
2015 Refunding of 2007 CFD Special Tax Bonds

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
CFD No. 2001-1 Series 2007 Special Tax Refunding Bonds (heavenly Village), 2007CFD:					
SERIAL	10/01/2015	4.400%	245,000.00		
	10/01/2016	4.500%	255,000.00	10/01/2015	102.000
	10/01/2017	4.500%	265,000.00	10/01/2015	102.000
	10/01/2018	4.600%	280,000.00	10/01/2015	102.000
	10/01/2019	4.600%	290,000.00	10/01/2015	102.000
	10/01/2020	4.700%	305,000.00	10/01/2015	102.000
	10/01/2021	4.700%	320,000.00	10/01/2015	102.000
	10/01/2022	5.000%	335,000.00	10/01/2015	102.000
	10/01/2023	5.000%	350,000.00	10/01/2015	102.000
	10/01/2024	5.000%	370,000.00	10/01/2015	102.000
TERM2031	10/01/2025	5.000%	385,000.00	10/01/2015	102.000
	10/01/2026	5.000%	405,000.00	10/01/2015	102.000
	10/01/2027	5.000%	425,000.00	10/01/2015	102.000
	10/01/2028	5.000%	445,000.00	10/01/2015	102.000
	10/01/2029	5.000%	470,000.00	10/01/2015	102.000
	10/01/2030	5.000%	495,000.00	10/01/2015	102.000
	10/01/2031	5.000%	520,000.00	10/01/2015	102.000
			6,160,000.00		

SAVINGS

City of South Lake Tahoe
2015 Refunding of 2007 CFD Special Tax Bonds

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 09/01/2015 @ 3.3337910%
10/01/2015	394,887.50	394,887.50				-1,086.52
10/01/2016	543,995.00		543,995.00	517,250.00	26,745.00	25,510.45
10/01/2017	542,520.00		542,520.00	513,250.00	29,270.00	27,393.83
10/01/2018	545,595.00		545,595.00	516,000.00	29,595.00	26,798.86
10/01/2019	542,715.00		542,715.00	518,000.00	24,715.00	21,664.47
10/01/2020	544,375.00		544,375.00	519,250.00	25,125.00	21,309.34
10/01/2021	545,040.00		545,040.00	519,750.00	25,290.00	20,752.37
10/01/2022	545,000.00		545,000.00	519,500.00	25,500.00	20,244.99
10/01/2023	543,250.00		543,250.00	518,500.00	24,750.00	19,007.68
10/01/2024	545,750.00		545,750.00	516,750.00	29,000.00	21,532.34
10/01/2025	542,250.00		542,250.00	514,250.00	28,000.00	20,109.59
10/01/2026	543,000.00		543,000.00	516,000.00	27,000.00	18,756.60
10/01/2027	542,750.00		542,750.00	516,750.00	26,000.00	17,470.36
10/01/2028	541,500.00		541,500.00	511,500.00	30,000.00	19,492.11
10/01/2029	544,250.00		544,250.00	515,500.00	28,750.00	18,066.97
10/01/2030	545,750.00		545,750.00	518,250.00	27,500.00	16,713.91
10/01/2031	546,000.00		546,000.00	519,750.00	26,250.00	15,429.76
	9,098,627.50	394,887.50	8,703,740.00	8,270,250.00	433,490.00	329,167.11

Savings Summary

PV of savings from cash flow	329,167.11
Less: Prior funds on hand	-26,250.00
Plus: Refunding funds on hand	9.30
Net PV Savings	302,926.41

BOND SUMMARY STATISTICS

City of South Lake Tahoe
2015 Refunding of 2007 CFD Special Tax Bonds

Dated Date	09/01/2015
Delivery Date	09/01/2015
Last Maturity	10/01/2031
Arbitrage Yield	3.333791%
True Interest Cost (TIC)	3.672683%
Net Interest Cost (NIC)	3.927499%
All-In TIC	3.941770%
Average Coupon	5.000000%
Average Life (years)	9.642
Duration of Issue (years)	7.717
Par Amount	5,580,000.00
Bond Proceeds	6,212,859.30
Total Interest	2,690,250.00
Net Interest	2,113,190.70
Total Debt Service	8,270,250.00
Maximum Annual Debt Service	519,750.00
Average Annual Debt Service	514,212.44
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	10.000000
Total Underwriter's Discount	10.000000
Bid Price	110.341565

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	5,580,000.00	111.342	5.000%	9.642	4,033.65
	5,580,000.00			9.642	4,033.65

	TIC	All-In TIC	Arbitrage Yield
Par Value	5,580,000.00	5,580,000.00	5,580,000.00
+ Accrued Interest			
+ Premium (Discount)	632,859.30	632,859.30	632,859.30
- Underwriter's Discount	-55,800.00	-55,800.00	
- Cost of Issuance Expense		-150,000.00	
- Other Amounts		26,250.00	
Target Value	6,157,059.30	6,033,309.30	6,212,859.30
Target Date	09/01/2015	09/01/2015	09/01/2015
Yield	3.672683%	3.941770%	3.333791%

BOND PRICING

City of South Lake Tahoe
2015 Refunding of 2007 CFD Special Tax Bonds

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bonds:									
	10/01/2016	215,000	5.000%	0.900%	104.409				9,479.35
	10/01/2017	245,000	5.000%	1.310%	107.558				18,517.10
	10/01/2018	260,000	5.000%	1.740%	109.744				25,334.40
	10/01/2019	275,000	5.000%	2.070%	111.414				31,388.50
	10/01/2020	290,000	5.000%	2.350%	112.625				36,612.50
	10/01/2021	305,000	5.000%	2.620%	113.300				40,565.00
	10/01/2022	320,000	5.000%	2.850%	113.700				43,840.00
	10/01/2023	335,000	5.000%	3.010%	114.181				47,506.35
	10/01/2024	350,000	5.000%	3.150%	114.512				50,792.00
	10/01/2025	365,000	5.000%	3.300%	114.478				52,844.70
	10/01/2026	385,000	5.000%	3.420%	113.376	3.531%	10/01/2025	100.000	51,497.60
	10/01/2027	405,000	5.000%	3.600%	111.747	3.780%	10/01/2025	100.000	47,575.35
	10/01/2028	420,000	5.000%	3.720%	110.677	3.947%	10/01/2025	100.000	44,843.40
	10/01/2029	445,000	5.000%	3.800%	109.970	4.063%	10/01/2025	100.000	44,366.50
	10/01/2030	470,000	5.000%	3.870%	109.356	4.158%	10/01/2025	100.000	43,973.20
	10/01/2031	495,000	5.000%	3.930%	108.833	4.237%	10/01/2025	100.000	43,723.35
		5,580,000							632,859.30

Dated Date	09/01/2015	
Delivery Date	09/01/2015	
First Coupon	04/01/2016	
Par Amount	5,580,000.00	
Premium	632,859.30	
Production	6,212,859.30	111.341565%
Underwriter's Discount	-55,800.00	-1.000000%
Purchase Price	6,157,059.30	110.341565%
Accrued Interest		
Net Proceeds	6,157,059.30	

Attachment 3

Fiscal Agent Agreement

ESCROW DEPOSIT AND TRUST AGREEMENT

**Relating to:
\$7,200,000
South Tahoe Redevelopment Agency
Community Facilities District No. 2001-1
Special Tax Refunding Bonds, Series 2007**

THIS ESCROW DEPOSIT AND TRUST AGREEMENT (this "Agreement") is dated as of _____ 1, 2015, and is entered into by and between the SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY (formerly known as the South Tahoe Redevelopment Agency (herein the "Agency"), a public body, corporate and politic, organized and existing by virtue of the laws of the State of California, and The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized under the laws of the United States of America, as Escrow Agent (the "Escrow Agent"), in connection with issuance of the Successor Agency to the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 Special Tax Refunding Bonds, Series 2015 (Heavenly Village) (the "Bonds") pursuant to a Fiscal Agent Agreement (the "Fiscal Agent Agreement"), dated as of _____ 1, 2015, by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"), for the purpose, among others, of refinancing the outstanding \$7,200,000 initial principal amount South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 Series 2007 Special Tax Refunding Bonds (the "Prior Bonds");

WITNESSETH:

WHEREAS, the South Tahoe Redevelopment Agency was a redevelopment agency duly formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code of the State of California and was dissolved as of February 1, 2012 and subsequently the Agency became the successor to the Former Agency pursuant to applicable laws; and

WHEREAS, the Agency, by its Resolution No. _____ adopted _____, 2015 (the "Resolution of Issuance"), has authorized the issuance of the Bonds for the purpose of defeasing the Prior Bonds on the date of issuance of the Bonds, paying interest due on the Prior Bonds on October 1, 2015, and redeeming the remaining outstanding principal amount of the Prior Bonds on October 1, 2015 at a redemption price equal to 102% of the outstanding principal amount to be redeemed; and

WHEREAS, the Agency has directed the Treasurer of the Agency (the "Treasurer") to enter into this Agreement whereby the proceeds of sale of the Bonds, together with other funds held under a Bond Indenture, dated as of November 1, 2007 (the "Prior Bonds Indenture"), between the Agency and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.) (the "Prior Bonds Trustee"), shall be deposited in a special escrow fund (the "Escrow Fund") to be created and maintained with the Escrow

Agent as set forth in this Agreement, all for the purpose of defeasing, paying and redeeming the Prior Bonds pursuant to and in accordance with the provisions Section 9.1 of the Prior Bonds Indenture; and

WHEREAS, pursuant to Section 9.1 of the Prior Bonds Indenture, the Prior Bonds will be defeased when (i) the Escrow Agent holds sufficient moneys, or non-callable Federal Securities (defined below), the principal of and the interest on which when due and payable will provide sufficient monies, without reinvestment, to pay the principal, interest and the redemption premium, if any, upon any Prior Bonds then outstanding to the maturity date or dates specified for the redemption thereof, (ii) irrevocable instructions to call the Prior Bonds for redemption shall have been given by the Agency to the Escrow Agent, and (iii) sufficient funds shall also have been provided or provision made for paying all other obligations as to the Prior Bonds to be redeemed by the Agency; and

WHEREAS, the Agency wishes to provide for defeasing the Prior Bonds on the date of issuance of the Bonds, paying interest due on the Prior Bonds on October 1, 2015, and redeeming the outstanding principal amount of the Prior Bonds on October 1, 2015 at a redemption price equal to 100% of the outstanding principal amount to be redeemed; and

WHEREAS, the Agency wishes to instruct the Escrow Agent with respect to investment, use and disposition of funds deposited into the Escrow Fund, including but not limited to investment of certain amounts in the Escrow Fund in "Federal Securities," as defined in the Prior Bonds Indenture; and

WHEREAS, the Escrow Agent has full powers to act with respect to the Escrow Fund and to perform the duties and obligations to be undertaken pursuant to this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth and for other valuable consideration, the Agency and the Escrow Agent agree as follows:

Section 1. Definitions. Capitalized terms used herein are used with the meanings assigned to them in the Resolution of Issuance and in the recitals hereof unless the context clearly requires some other meaning.

Section 2. Establishment of Escrow Fund; Deposit of Funds. The Escrow Fund, designated the "South Tahoe Redevelopment Agency Community Facilities District No. 2001-1, Series 2007 Special Tax Refunding Bonds Escrow Fund", is hereby established by the Agency with the Escrow Agent as an irrevocable escrow account to be maintained by the Escrow Agent for the benefit and protection of the owners of the Prior Bonds. All cash and Federal Securities in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the Prior Bonds in accordance with the provisions of the Prior Bonds Indenture. The Escrow Agent shall have no lien upon or right of set off against the Federal Securities and cash at any time on deposit in the Escrow Fund.

- (a) *Deposit of Bond Proceeds.* Concurrently with the delivery of the Bonds to the purchaser thereof, proceeds of the Bonds in the amount of \$_____ shall be transferred to the Escrow Agent by the Fiscal Agent, which Bond proceeds, together with amounts transferred pursuant to the following paragraphs (b) and (c), shall be used exclusively for the timely payment and redemption of the Prior Bonds as set forth on Exhibit B hereto.

- (b) Deposit of Moneys Relating to the Prior Bonds Held by the Prior Bonds Trustee. Concurrently with the delivery of the Bonds to the purchaser thereof, the Prior Bonds Trustee shall transfer moneys held under the Prior Bonds Indenture to the Escrow Agent in the following amounts, which amounts, together with Bond proceeds transferred pursuant to the preceding paragraph (a) and the following paragraph (c), shall be used exclusively for the timely payment and redemption of the Prior Bonds as set forth on Exhibit B hereto: \$_____ held in the Reserve Fund for the Prior Bonds transferred to the Escrow Agent by the Prior Bonds Trustee shall be deposited in the Escrow Fund.
- (c) Deposit of Moneys Relating to the Prior Bonds Held by the Agency. The Agency shall transfer to the Escrow Agent from the Special Tax Fund created for the Prior Bonds the amount of \$_____, for deposit to the Escrow Fund.

If at any time the Escrow Agent shall receive actual knowledge that the moneys and Federal Securities in the Escrow Fund will not be sufficient to make any payment required hereunder, the Escrow Agent shall notify the Agency of such fact and the Agency shall promptly cure such deficiency from any source of legally available funds. The Escrow Agent shall not be liable for any such deficiency.

The Escrow Agent shall deposit the Federal Securities and cash received by the Escrow Agent in the Escrow Fund solely for the uses and purposes set forth herein upon receipt by the Escrow Agent of (1) an opinion of an independent certified public accountant that the Federal Securities and cash set forth in Section 4, together with interest to be derived therefrom, shall be in an amount which shall at all times be at least sufficient to make the payments specified in Section 5 hereof and (2) an opinion of Bond Counsel (as defined in the Prior Bonds Indenture), which may rely upon the opinion of the certified public accountant, to the effect that the Bonds being defeased have been legally defeased in accordance with the Prior Bonds Indenture.

Section 3. Purchase of Federal Securities. The Escrow Agent shall use such portion of the amounts deposited in the Escrow Fund pursuant to Section 2 to acquire in its own name, as Escrow Agent, the Federal Securities described in Exhibit A attached hereto. The Escrow Agent shall hold the balance (\$0.70) uninvested in cash.

Section 4. Payment for Federal Securities. Payment for the Federal Securities referred to in Section 3 shall be conclusively evidenced by the Escrow Agent's execution and delivery of an acknowledgment of payment.

Section 5. Retention for, and Payment of, the Prior Bonds. The Agency hereby instructs the Prior Bonds Trustee to retain and hold in trust moneys and Federal Securities in the Escrow Fund for the purpose of paying interest on the Prior Bonds through April 1, 2015 and on April 1, 2015 to redeem the Prior Bonds maturing on and after October 1, 2015 at the redemption price of 100% of the principal amount to be redeemed. The Escrow Agent shall transfer to the Prior Bonds Trustee from the Escrow Fund such amounts as may be necessary for such purposes, as shown on Exhibit B attached hereto. Any monies remaining in the Escrow Fund established under this Agreement after making all of the payments described in this Section 5 shall be transferred to the Fiscal Agent, for deposit into the Bond Fund for the Bonds.

Section 6. Notice of Redemption and Defeasance. The Prior Bonds Trustee is hereby directed to give notice of the redemption of the Prior Bonds to the registered Owners thereof, not less than 30 days nor more than 60 days prior to the redemption date, in accordance with the provisions of the Prior Bonds Indenture, so that redemption shall occur strictly in accordance with the applicable provisions thereof.

Section 7. Substitution of Federal Securities. The Agency may at any time direct the Escrow Agent to substitute noncallable Federal Securities then issued by the United States of America (constituting direct obligations of the United States of America) for any or all of the Federal Securities then deposited in the Escrow Fund, provided that any such direction and substitution shall be accompanied by a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund, together with interest to be derived therefrom, shall be in an amount at all times at least sufficient to make the payments specified in Section 5 hereof and, further, to be accompanied with an opinion of nationally recognized bond counsel that the substitution will not affect, for Federal income tax purposes, the exemption from Federal income taxes of the interest on the Prior Bonds and the Bonds. In the event that, following any such substitution of Federal Securities pursuant to this Section 7, there is an amount of moneys or Federal Securities in excess of an amount sufficient to make the payments required by Section 5 hereof, such excess shall be transferred to the Fiscal Agent, for deposit into the Bond Fund for the Bonds.

Section 8. Limited Power of Escrow Agent; Permitted Investments. Except as herein otherwise expressly provided, the Escrow Agent shall have no power or duty to make substitutions of the Federal Securities, or to sell, transfer or otherwise dispose of the Federal Securities.

Section 9. No Arbitrage. The Agency hereby covenants that no part of the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Prior Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and regulations promulgated thereunder.

Section 10. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Federal Securities accruing to the Escrow Agent hereunder, and such books shall be available for inspection at reasonable hours and under reasonable conditions with reasonable prior notice by the owners of the Prior Bonds and the Bonds.

Section 11. Proper Filings. The Agency will, at its expense, execute, acknowledge, deliver or file this Agreement and assignments, transfers, financing statements, continuation statements, and assurances required for the better assuring, conveying, pledging, assigning and confirming unto the Escrow Agent, the moneys and Federal Securities hereby pledged, or intended so to be or which the Agency may be or may hereafter become bound to pledge, convey or assign to the Escrow Agent or for carrying out the intention or facilitating the performance of the terms of this Agreement.

Section 12. Discharge. The covenants, liens and pledges entered into, created or imposed pursuant to this Agreement shall be fully discharged, and satisfied when all of the Prior Bonds shall have been paid in full, as to principal, premium and interest. Upon such discharge

and satisfaction this Agreement shall cease, terminate and become null and void, and thereupon the Escrow Agent shall, upon the written request of the Agency, forthwith execute proper instruments acknowledging satisfaction and discharge of this Agreement.

Section 13. Insufficiency of the Escrow Fund. The Agency agrees that if for any reason the investments and moneys and other funds in the Escrow Fund are insufficient or otherwise unavailable to pay timely principal and premium of, and interest on, the Prior Bonds, the Agency shall continue to be liable therefor in accordance with the terms of the Prior Bonds Indenture and the Prior Bonds.

Section 14. Tax-Exempt Nature of the Prior Bonds and the Bonds. The Agency covenants and agrees for the benefit of the owners of the Prior Bonds and the Bonds that it will not perform or permit to be performed any thing or act in such manner as would cause interest on the Prior Bonds or the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and, in particular, it will not use any of the proceeds received from the sale of the Bonds, directly or indirectly, in any manner which would result in such Bonds being classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code.

Section 15. Compensation of the Escrow Agent. The Escrow Agent's fees, expenses and reimbursement for costs incurred, for and in carrying out the provisions of this Agreement have been fixed by separate agreement. The Agency shall pay the Escrow Agent full compensation for its duties under this Agreement. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes.

Section 16. No Implied Duties; No Rights to Others. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the Agency, the Escrow Agent, the Prior Bonds Trustee and the registered owners of the Prior Bonds, any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Agency, the Escrow Agent and the Owners of the Prior Bonds. The Escrow Agent shall perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

Section 17. Immunities and Liabilities of Escrow Agent.

(A) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Agreement.

(B) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the Agency) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(C) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein or in the Resolution of Issuance.

(D) The Escrow Agent may become the owner of, or acquire any interest in, any of the Prior Bonds with the same rights that it would have if it were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the Agency.

(E) The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Federal Securities deposited with it to pay the principal, interest or premiums, if any, on the Prior Bonds and shall not be liable for any insufficiency of such moneys and securities to affect such payment.

(F) The Escrow Agent shall not be liable for any action or omission of the Agency under this Agreement or the Resolution of Issuance.

(G) Whenever in the administration of this Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established before 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 willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized official of the Agency, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(H) The Escrow Agent may at any time resign by giving written notice to the Agency of such resignation. The Agency shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the Agency does not appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the Agency may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the Agency appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the Agency, shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(I) The Agency may, upon 30 days notice to the Escrow Agent, remove the Escrow Agent at any time. The Agency shall promptly appoint a successor Escrow Agent by the removal date. Removal of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the Agency does not appoint a successor, the Escrow Agent shall continue as Escrow Agent, but may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. The Agency may appoint a temporary Escrow Agent to replace the Escrow Agent it is removing until the Agency appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the Agency, shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(J) The Agency agrees to indemnify the Escrow Agent, its agents and its officers or employees for and to hold the Escrow Agent, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel, including in-house counsel, for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent at any time by reason of the performance of its duties as Escrow Agent hereunder and under the Resolution of Issuance, in any transaction arising out of this Agreement or the Bond

Resolution or any of the transactions contemplated herein or in the Resolution of Issuance, unless due to the Escrow Agent's or its officers' or employees' or agents' negligence or willful misconduct. Such indemnity shall survive the termination of this Agreement or resignation or removal of the Escrow Agent.

(K) All notices, certificates or other communications hereunder with the Escrow Agent shall be addressed to the Escrow Agent at:

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, California 90071
Attention: Corporate Trust Administration

Section 18. Waiver of Notice. Whenever in this Agreement the giving of notice by mail or otherwise shall be 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 shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 19. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provisions has never been contained herein.

Section 20. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and such counterparts, or as many of them as the Agency and the Escrow Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 21. Business Days. Whenever any act is required by this Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day, then such act may be done on the next succeeding business day.

Section 22. California Law. This Agreement shall be governed exclusively by and interpreted in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the Agency and the Escrow Agent have each caused this Agreement to be executed by the duly authorized officers thereof and have caused the corporate seal to be affixed hereto and attested as of the date first above written.

**SUCCESSOR AGENCY TO THE SOUTH TAHOE
REDEVELOPMENT AGENCY**

By: _____
Treasurer

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,**
as Escrow Agent

By: _____
Authorized Officer

ACKNOWLEDGED AND ACCEPTED:
The Bank of New York Mellon Trust Company,
N.A., *as Prior Bonds Trustee*

By: _____
Authorized Officer

EXHIBIT A

DESCRIPTION OF FEDERAL SECURITIES

Type	Maturity Date	Par Amount	Rate	Cost
SLGS	10/1/2015	\$	%	\$

EXHIBIT B

PAYMENT AND REDEMPTION SCHEDULE OF PRIOR BONDS

<i>Payment Date</i>	<i>Interest</i>	<i>Principal Redeemed</i>	<i>Total Payment</i>
10/1/2015	\$	\$	\$

EXHIBIT C

FORM OF NOTICE OF DEFEASANCE

**Notice to the Holders of Outstanding
\$58,325,000
South Tahoe Redevelopment Agency
Community Facilities District No. 2001-1
Special Tax Bonds Series H (1996-Refunding)**

Date of Issuance: April 17, 1996

NOTICE IS HEREBY GIVEN that the South Tahoe Redevelopment Agency (the "Agency") has on January 7, 2015, from the proceeds of sale of bonds and other sources, irrevocably set aside in an Escrow Fund created for such purpose and held by The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as escrow agent (the "Escrow Agent") pursuant to an Escrow Deposit and Trust Agreement (1996 H Bonds), dated as of January 1, 2015 (the "Escrow Agreement"), by and between the Agency and the Escrow Agent, moneys which shall be sufficient to (i) pay interest due on the Bonds on April 1, 2015 and (ii) redeem on April 1, 2015, all of the remaining outstanding Bonds at a redemption price equal to 100% of the principal amount to be redeemed. A schedule of the maturity dates of the Bonds to be redeemed and the CUSIP numbers of such bonds is attached as Schedule 1.

In accordance with the terms of the Indenture relating to the Bonds, notice of redemption of the captioned Bonds to be redeemed is required to be given by The Bank of New York Mellon Trust Company, N.A., as trustee thereunder, on a date not more than 60 days or less than 30 days prior to the date fixed for redemption thereof.

The moneys deposited in the Escrow Fund (as defined in the Escrow Agreement), including the earnings derived from the investment thereof, are irrevocably pledged to the payment of principal or redemption price of and interest on the Bonds. Said moneys have been invested in certain United States Treasury Bonds State and Local Government Series issued by the United States Treasury ("SLGS") and which bear interest and mature on such dates as to insure the payment of all principal, premium, as applicable, and interest on the Bonds. Pursuant to the Escrow Agreement, the Agency may substitute securities for those initially allocated to the Escrow Fund and withdraw moneys from the Escrow Fund subject to the terms and conditions set forth in the Escrow Agreement.

As a consequence of the foregoing actions and in accordance with the Indenture relating to the Bonds, the Bonds are no longer secured by a pledge of the Special Tax described in or moneys held in certain funds established under the Indenture relating to the Bonds, such pledge and the obligations and covenants of the Agency under the Indenture having been fully released and discharged, and the Bonds are now payable solely from the moneys and investments set aside in the Escrow Fund as described above and, if necessary, from other legally available funds of the Agency.

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, [contact information, telephone number _____].

Dated: January 7, 2015

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Agent

Schedule 1

Schedule of Bonds to be Redeemed on April 1, 2015

Maturity Date	CUSIP	Outstanding Principal Amount
October 1, 2019	892368DS7	\$4,730,000

Attachment 4

Escrow Agreement

FISCAL AGENT AGREEMENT

Between

**SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY
for and on behalf of
COMMUNITY FACILITIES DISTRICT NO. 2001-1
(PARK AVENUE PROJECT)**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Fiscal Agent**

Dated as of _____ 1, 2015

as to

**\$ _____
COMMUNITY FACILITIES DISTRICT NO. 2001-1
(PARK AVENUE PROJECT)
SPECIAL TAX REFUNDING BONDS
SERIES 2015
(Heavenly Village)**

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FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (this "**Fiscal Agent Agreement**") is made and entered into as of _____ 1, 2015, by and between the Successor Agency to the South Tahoe Redevelopment Agency, a public body, corporate and politic, organized and existing by virtue of the laws of the State of California (the "**Agency**"), for and on behalf of the Agency's Community Facilities District No. 2001-1 (Park Avenue Project) (the "**CFD**"), and The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the "**Fiscal Agent**"), and governs the terms of the Successor Agency to the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Special Tax Refunding Bonds, Series 2015 (Heavenly Village) (the "**Bonds**").

RECITALS:

WHEREAS, the Governing Board of the South Tahoe Redevelopment Agency (the "**Former Agency**") has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "**Act**"), to form the CFD, to authorize the levy of special taxes upon the land within the CFD, and to issue bonds for and on behalf of the CFD secured by said special taxes the proceeds of which special taxes and which bonds were to be used to finance certain public facilities, all as described in those proceedings; 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) and 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 "**RDA Dissolution Act**"), the Former Agency was dissolved as of February 1, 2012, and the Agency, as the successor to the Former Agency, was constituted and an Oversight Board to the Agency (the "**Oversight Board**") was established; and

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

WHEREAS, under the provisions of the Act, on behalf of the CFD, the Former Agency previously issued its \$7,200,000 South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Series 2007 Special Refunding Tax Bonds (the "**Prior Bonds**") to refund bonds issued in 2001 to acquire certain public facilities:

WHEREAS, the Agency is permitted to optionally redeem the Prior Bonds on any September 1 or March 1 prior to their scheduled maturity date, and the Agency wishes to refinance the Prior Bonds to take advantage of current interest rate levels which will produce debt service savings; and

WHEREAS, on May 5, 2015, for the purpose of refinancing the Prior Bonds, the Agency Board adopted Resolution No. _____ (the "**Resolution**") authorizing the issuance and

sale of the Bonds by the Agency for and on behalf of the CFD pursuant to this Fiscal Agent Agreement, which Special Tax Refunding Bonds shall be issued in a single series; and

WHEREAS, on _____, 2015, the Oversight Board adopted Resolution No. OB-_____, approving the incurrence of bonds to refund all of the remaining outstanding Prior Bonds and found that the Prior Bonds are, and the Bonds upon their issuance will be, payable from and secured by Special Tax Revenues (described herein) and not from a pledge of any property tax revenues allocable to the Agency's Redevelopment Property Tax Trust Fund pursuant to the provisions of the RDA Dissolution Act; and

WHEREAS, the State Department of Finance (the "**DOF**") has issued a letter dated _____, 2015, indicating its approval of Resolution No. OB-_____; and

WHEREAS, the Agency Board adopted its Resolution No. 2013-02 on July 2, 2013, and the Oversight Board adopted its Resolution No. 2013-4 on July 2, 2013 ("OB Resolution No. 2013-4"), making certain findings and determinations relating to the CFD, including that:

- (a) The CFD is a legal governmental entity, separate from the Agency;
- (b) All revenues from the collection of Special Taxes ("Special Tax Revenues") are revenues of the CFD and not of the Agency;
- (c) Collection of, and payments out of, Special Tax Revenues are subject to the Mello-Roos Act and the Rate and Method of Apportionment of Special Tax for the CFD and not the RDA Dissolution Act;
- (d) Despite the status of the Board of Directors of the Agency as the legislative body of the CFD, payments out of Special Tax Revenues are not payments by the Successor Agency for the purposes of the RDA Dissolution Act, but are payments by the CFD; and
- (e) Payments out of Special Tax Revenues shall not be included in any Recognized Obligation Payment Schedule of the Successor Agency under Health and Safety Code Section 34177 or be subject to other requirements of the RDA Dissolution Act; and

WHEREAS, OB Resolution No. 2013-4 was submitted to the DOF and the DOF issued its letter, dated July 31, 2013, indicating the DOF's approval of OB Resolution No. 2013-4; and

WHEREAS, the Agency has determined that it is in the public interest and for the benefit of the Agency, the persons responsible for the payment of special taxes and the owners of the Bonds that the Agency enter into this Fiscal Agent Agreement for an on behalf of the CFD to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the bonds, and the administration and payment of the Bonds; and

WHEREAS, the Agency has determined that all things necessary to cause the bonds, when authenticated by the Fiscal Agent and issued as provided in the Act, the Resolution and this Fiscal Agent Agreement, to be legal, valid and binding and limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Fiscal Agent Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Agency does hereby covenant and agree, for the benefit of the Owners of the Bonds as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

"Account" means any account created pursuant to this Fiscal Agent Agreement.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 et seq. of the California Government Code.

"Administrative Expenses" means any or all of the following:

(a) the expenses directly related to the administration of the CFD, including, but not limited to, the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Agency or a designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the Agency or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; the costs associated with preparing Special Tax disclosure statements and responding to the public inquiries regarding the Special Taxes; the costs of the Agency, the CFD or any designee thereof related to an appeal of the Special Tax;

(b) the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties of the Fiscal Agent pertaining to the Bonds required under this Fiscal Agent Agreement and any Supplemental Agreement;

(c) the costs of the Agency or any designee thereof of complying with the disclosure requirements associated with applicable federal or state securities laws of the Act pertaining to the bonds;

(d) any amounts required to be rebated to the federal government; and

(f) all other costs and expenses of the Agency (including, but not limited to, an allocable share of the salaries of the Agency staff directly related to the foregoing, a proportionate amount of Agency general administrative overhead related to the foregoing, and amounts advanced by the Agency for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Special Taxes, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure) and the Fiscal Agent incurred in connection with the discharge of their respective duties hereunder and in any way related to the administration of the CFD and all actual costs and expenses incurred in connection with the administration of the Bonds.

"Agency" means the Successor Agency to the South Tahoe Redevelopment Agency.

"Annual Debt Service" means the principal amount of any Outstanding Bonds payable in a Bond Year at maturity and any interest payable on any Outstanding Bonds in such Bond Year, if the Bonds are retired as scheduled.

"Authorized Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;

(c) interest-bearing demand or time deposits (including certificates of deposit) or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent and its affiliates), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated in the highest short-term rating category by any Rating Agency or (ii) such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation;

(d) commercial paper rated at the time of purchase in the highest short-term rating category by any Rating Agency, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;

(e) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank whose short-term obligations are rated in the highest short-term rating category by any Rating Agency or whose long-term obligations are rated A or better by each such Rating Agency, which mature not more than 270 days following the date of investment therein;

(f) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by any Rating Agency or (b) fully secured as to the payment of principal and interest by Federal Securities;

(g) obligations issued by any corporation organized and operating within the United States of America having assets in excess of Five Hundred Million Dollars (\$500,000,000), which obligations are rated A or better by any Rating Agency;

(h) money market funds which invest in Federal Securities or which are rated in the highest rating category by any Rating Agency, including such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Fiscal Agent or an affiliate of the Fiscal Agent receives fees from funds for services rendered, (ii) the Fiscal Agent collects fees for services rendered pursuant to this Fiscal Agent Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Fiscal Agent Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

(i) any investment agreement, repurchase agreement or other investment instrument which represents the general unsecured obligations of a bank, investment banking firm or other financial institution whose long-term obligations are rated at the time of the delivery of the investment agreement, repurchase agreement or other investment instrument A or better by any Rating Agency; and

(j) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code.

"Authorized Representative of the Agency" means the Chair of the Board of Directors (or, in the Chair's absence, the Vice Chair) and the official who is appointed as the Executive Director of the Successor Agency or, in the absence of an Executive Director position designated by the Agency, a person who has similar duties, or any other person or persons designated by a written certificate signed on behalf of the Agency by an Agency official who declares he or she has proper authority to act on behalf of the Agency.

"Bond Counsel" means Jones Hall, A Professional Law Corporation, and its successors; or any other attorney at law or firm of attorneys selected by the Agency, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Register" means the books that the Fiscal Agent shall keep or cause to be kept on which the registration and transfer of the Bonds shall be recorded.

"Bondowner" or "Owner" means the person or persons in whose name or names any Bond is registered.

"Bond" or "Bonds" means the \$_____ Successor Agency to the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 Special Tax Refunding Bonds, Series 2015 (Heavenly Village).

"Bond Year" means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

"Business Day" means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the Agency where the corporate trust office of the Fiscal Agent is located, are not required or authorized to remain closed.

"Certificate of an Authorized Representative" means a written certificate or warrant request executed by an Authorized Representative of the Agency.

"CFD" means Successor Agency to the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) established pursuant to the Act and the Resolution of Formation.

"Chief Financial Officer" means the official of the Agency, or such official's designee, who acts in the capacity as the chief financial officer of the Agency, including the controller or other financial officer.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds 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 guidance published, under the Code.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale, delivery and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the Agency, initial fees and charges of the Fiscal Agent including its first annual administration fees and its legal fees and charges, including the allocated costs of in-house attorneys, expenses incurred by the Agency in connection with the issuance of the Bonds, Bond (underwriter's) discount, legal fees and charges, including bond counsel, and counsel to any financial consultant, financial consultant's fees, charges for execution, authentication, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund designated the "Community Facilities District No. 2001-1 Costs of Issuance Fund" established under Section 3.1.

"Delivery Date" means, with respect to the Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository for book-entry under Section 2.12.

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

"Escrow Agreement" means the Escrow Deposit and Trust Agreement relating to the Prior Bonds dated _____ 1, 2015, by and between Agency and the Prior Bonds Trustee.

"Fair Market Value" means, for the Permitted Investments, 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 Tax 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 Tax 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 Tax 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 Agency and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by such fund is without regard to the source of the investment.

"Federal Securities" means any of the following:

- (a) Cash (insured at all times by the Federal Deposit Insurance Corporation).
- (b) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
 - U.S. treasury obligations
 - All direct or fully guaranteed obligations
 - Farmers Home Administration
 - General Services Administration
 - Guaranteed Title XI financing
 - Government National Mortgage Association (GNMA)
 - State and Local Government Series

"Fiscal Agent" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

"Fiscal Agent Agreement" means this Fiscal Agent Agreement, together with any Supplemental Agreement approved pursuant to Article 6 hereof.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next following June 30.

"Former Agency" means the South Tahoe Redevelopment Agency.

"Independent Financial Consultant" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Agency, who, or each of whom:

- (1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, in the Agency;
and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

"Interest Payment Date" means each March 1 and September 1, commencing _____; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next preceding such date.

"Maximum Annual Debt Service" means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds by adding the following for each Bond Year:

(1) the principal amount of all Outstanding Bonds payable in such Bond Year at maturity; and

(2) the interest payable on the aggregate principal amount of all Bonds Outstanding in such Bond Year if the Bonds are retired as scheduled.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Nominee" shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.16 hereof.

"Ordinance" means Ordinance No. 913 adopted by the Former Agency governing board on November 13, 2001, Ordinance No. 919 adopted by the Former Agency governing board on June 18, 2002, and any other ordinances of the Former Agency levying the Special Taxes.

"Original Purchaser" means the first purchaser of the Bonds from the Agency.

"Outstanding" or "Outstanding Bonds" means all Bonds theretofore issued by the Agency, except:

(1) Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 9.1 hereof;

(2) Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (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 provided in this Fiscal Agent Agreement; and

(3) Bonds which have been surrendered to the Fiscal Agent for transfer or exchange pursuant to Section 2.9 hereof or for which a replacement has been issued pursuant to Section 2.10 hereof.

"Parking Facility Agreement" means the Parking Facility Agreement dated as of June 1, 2002, as supplemented by the First Amendment to Parking Facility Agreement dated as of November 1, 2013, by and between the Agency and the South Tahoe Joint Powers Parking

Authority, which provides for the pledge of Surplus Special Tax Revenues, as described in the Parking Facility Agreement.

"Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository.

"Person" means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

"Prepayments" means any amounts paid by the Agency to the Fiscal Agent and designated by the Agency as a prepayment of Special Taxes for one or more parcels in the CFD made in accordance with the Rate and Method of Apportionment of Special Taxes attached to the Resolution of Formation.

"Principal Office of the Fiscal Agent" means the office of the Fiscal Agent located in Los Angeles, California, or such other office or offices as the Fiscal Agent may designate from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

"Prior Bonds" means the \$7,200,000 South Tahoe Redevelopment Community Facilities District No. 2001-1 (Park Avenue Project) Series 2007 Special Tax Refunding Bonds (Heavenly Village).

"Prior Bonds Trustee" means The Bank of New York Mellon Trust Company, N.A., as successor fiscal agent with respect to the Prior Bonds under the Prior Bonds Indenture.

"Prior Bonds Indenture" means the Fiscal Agent Agreement, dated as of February 1, 2007, between the Agency, for and on behalf of the CFD, and the Prior Bonds Trustee, relating to the Prior Bonds.

"Project" means those items described as "Facilities" in the Resolution of Formation.

"Rating Agency" means Moody's and Standard & Poor's, or both, as the context requires.

"Record Date" means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

"Reserve Account" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

"Reserve Requirement" means, an amount equal to the lesser of (a) Maximum Annual Debt Service on the Outstanding Bonds, (b) 125% of the average Annual Debt Service, or (c) ten percent (10%) of the principal amount of the Bonds (or the issue price of the Bonds excluding accrued interest, if the net original issue discount or premium is less than 98% or more than 102% of the principal amount of the Bonds), as calculated by the Agency.

"Resolution of Formation" means Resolution No. 2001-5 and 2001-6 adopted by the Agency Board of the Agency on April 16, 2001 pursuant to which the Former Agency formed the CFD, and any amendments thereof.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Agency designates in written notice filed with the Fiscal Agent.

"Special Tax Fund" means the fund by that name created and established pursuant to Section 3.1 hereof.

"Special Taxes" means the taxes authorized to be levied by the Agency on property within the CFD in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the election of the qualified electors in the CFD.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the Agency, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. "Special Tax Revenues" does not include any penalties collected in connection with delinquent Special Taxes or any interest in excess of the interest due on the Bonds.

"Standard & Poor's" means Standard & Poor's Ratings Group, a division of McGraw-Hill, its successors and assigns.

"Supplemental Agreement" means any Supplemental Agreement amending or supplementing this Fiscal Agent Agreement.

"Surplus Fund" means the fund by that name created and established pursuant to Section 3.1 hereof.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Bonds. Under and pursuant to the Act, the Bonds in the aggregate principal amount of \$_____ shall be issued for the purpose of (a) refunding and defeasing the Prior Bonds, (b) funding the Reserve Requirement, and (c) funding a portion of the Costs of Issuance.

Section 2.2. Type and Nature of Bonds. Subject to the provisions of Section 8.1, the Bonds shall be secured by a first lien on and pledge of all the Special Tax Revenues and amounts in the Special Tax Fund. Neither the faith and credit nor the taxing power of the City of South Lake Tahoe, the State of California or any political subdivision thereof other than the Agency is pledged to the payment of the Bonds. Except for the Special Tax Revenues, no other taxes are pledged to the payment of the Bonds. The Bonds are not general obligations of the Agency, but are limited obligations of the Agency payable solely from certain amounts deposited by the Agency in the Special Tax Fund, as more fully described herein. The Agency's limited obligation to pay the principal of and interest on the Bonds from amounts in the Special Tax Fund is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds may compel the exercise of the taxing power by the Agency (except the Special Taxes) or the forfeiture of any of its property. The principal of and interest on the Bonds, if any, are not a debt of the City of South Lake Tahoe, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the Agency's property, or upon any of its income, receipts or revenues, except the Special Tax Revenues and other amounts in the Special Tax Fund which are, under the terms of this Fiscal Agent Agreement and the Act, set aside for the payment of the Bonds and interest thereon and neither the members of the Agency Board of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Notwithstanding anything to the contrary contained in this Fiscal Agent Agreement, the Agency shall not be required to advance any money derived from any source of income other than the Special Tax Revenues for the payment of the interest on or the principal of the Bonds, or for the performance of any covenants contained herein. The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3. Equality of Bonds and Pledge of Special Tax Revenues. Pursuant to the Act and this Fiscal Agent Agreement, the Bonds shall be equally secured by a pledge of and payable from the Special Tax Revenues and other amounts in the Special Tax Fund, without priority for number, date of the Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds, shall be exclusively paid from the Special Tax Revenues and other amounts in the Special Tax Fund, which are hereby set aside for the payment of the Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and so long as any of the Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Fiscal Agent Agreement or any Supplemental Agreement. Notwithstanding any provision contained in this Fiscal Agent Agreement to the contrary, Special Tax Revenues deposited in the Surplus Fund shall no longer

be considered to be pledged to the Bonds, and none of the Surplus Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Fiscal Agent Agreement or any Supplemental Agreement shall preclude the redemption prior to maturity of any Bonds subject to call and redemption and payment of said Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California.

Section 2.4. Description of Bonds; Interest Rates. The Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds of each issue shall be numbered as desired by the Fiscal Agent.

"CUSIP" identification numbers may, at the election of the Original Purchaser of the Bonds, be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the Agency or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the Agency's contract with such Owners and shall not impair the effectiveness of any such notice.

The Bonds shall be designated "SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY COMMUNITY FACILITIES DISTRICT NO. 2001-1 (PARK AVENUE PROJECT) SPECIAL TAX REFUNDING BONDS, SERIES 2015 (HEAVENLY VILLAGE)." The Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below, payable on _____, and each Interest Payment Date thereafter:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
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* Term Bond.

Interest shall be payable on each Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of that Bond has been paid; provided, however, that if at the maturity date of any Bond funds are available for the payment or redemption thereof in full, in accordance with the terms of this Fiscal Agent Agreement, such Bonds shall then cease to bear interest. Interest due on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5. Place and Form of Payment. The Bonds shall be payable both as to principal and interest in lawful money of the United States of America. The principal of the Bonds shall be payable upon presentation and surrender thereof at the Principal Office of the Fiscal Agent, or at the designated office of any successor Fiscal Agent. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond, in which event interest shall be payable from the dated date of such Bond; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond, interest on that Bond shall be payable from its dated date. Interest on any Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Fiscal Agent mailed on the Interest Payment Date by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Fiscal Agent on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.

Section 2.6. Form of Bonds. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which forms are hereby approved and adopted as the forms of such Bonds and of the certificate of authentication.

Notwithstanding any provision in this Fiscal Agent Agreement to the contrary, the Agency may, in its sole discretion, elect to issue the Bonds in book entry form.

Until definitive Bonds shall be prepared, the Agency may cause to be executed and delivered in lieu of such definitive Bonds temporary bonds in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds, except that they may be in any denominations authorized by the Agency. Until exchanged for definitive Bonds, any temporary bond shall be entitled and subject to the same benefits and provisions of this Fiscal Agent Agreement as definitive Bonds. If the Agency issues temporary Bonds, it shall execute and furnish definitive Bonds, as applicable, without unnecessary delay and thereupon any temporary Bond may be surrendered to the Fiscal Agent at its office, without expense to the Owner, in exchange for a definitive Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds so surrendered shall be cancelled by the Fiscal Agent and shall not be reissued.

Section 2.7. Execution and Authentication. The Bonds shall be signed on behalf of the Agency by the manual or facsimile signature of the Chair of the Board of Directors and by the manual or facsimile signature of the Agency Secretary, or any duly appointed deputy Agency Secretary, in their capacity as officers of the Agency, and the seal of the Agency (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon, and attested by the signature of the Agency Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed have been authenticated and delivered by the Fiscal Agent (including new

Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office.

Only the Bonds as shall bear thereon such certificate of authentication in the form set forth in Exhibit A attached hereto shall be entitled to any right or benefit under this Fiscal Agent Agreement, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Fiscal Agent.

Section 2.8. Bond Register. The Fiscal Agent will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds which shall upon reasonable prior notice be open to inspection by the Agency during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds as herein provided.

The Agency and the Fiscal Agent may treat the Owner of any Bond whose name appears on the Bond Register as the absolute Owner of that Bond for any and all purposes, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary. The Agency and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Fiscal Agent of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Section 2.9. Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph, the registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register 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 at the office of the Fiscal Agent, accompanied by delivery of written instrument of transfer in a form acceptable to the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney.

Bonds may be exchanged at the office of the Fiscal Agent for a like aggregate principal amount of Bonds for other authorized denominations of the same maturity and issue. The Fiscal Agent shall not collect from the Owner any charge for any new Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds shall be surrendered for registration of transfer or exchange, the Agency shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Fiscal Agent shall not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the Agency shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be cancelled by the Fiscal Agent pursuant to Section 9.1 hereof. If any Bond shall be lost, destroyed or stolen, evidence of such loss,

destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and, if any indemnity satisfactory to the Fiscal Agent shall be given, the Agency shall execute and the Fiscal Agent shall authenticate and deliver, a new Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds issued hereunder. The Fiscal Agent shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Fiscal Agent may make payment with respect to such Bonds.

Section 2.11. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any defect in any proceedings taken by the Agency for the refunding of the Prior Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book-Entry Only System. DTC shall act as the initial Depository for the Bonds. One Bond for each maturity of the Bonds shall be initially executed, authenticated, and delivered as set forth herein with a separate fully registered certificate (in print or typewritten form). Upon initial execution, authentication, and delivery, the ownership of the Bonds shall be registered in the Bond Register kept by the Fiscal Agent for the Bonds in the name of Cede & Co., as nominee of DTC or such nominee as DTC shall appoint in writing.

The Authorized Officers of the City and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, neither the City nor the Agent shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds Bonds as Depository from time to time (the "DTC Participants") or to any person for which a DTC Participant acquires an interest in the Bonds (the "Beneficial Owners"). Without limiting the immediately preceding sentence, neither the City nor the Fiscal Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the Bonds, including any Bonds to be redeemed in the event the City elect to redeem the Bonds, in part, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the City elects to redeem the Bonds in part, (iv) the payments to any DTC Participant, any Beneficial Owner, or any person, other than DTC, of any amount with respect to the principal of or interest or premium on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds.

Except as set forth above, the City and the Fiscal Agent may treat as and deem DTC to be the absolute Owner of each Bond, for which DTC is acting as Depository for the purpose of

payment of the principal or and interest on such Bonds, for the purpose of giving notices of and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bonds, and for all purposes whatsoever. The Fiscal Agent on behalf of the City shall pay all principal of and interest on the Bonds only to or upon the order of the Owners as shown on the Bond Register, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to the principal of and interest on the Bonds to the extent of the sums or sums so paid.

No person other than an Owner, as shown on the Bond Register, shall receive a physical Bond. Upon delivery by DTC to the City and the Fiscal Agent of written notice to the effect the DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to "Cede & Co." in this Section 2.12 shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and to the Fiscal Agent during any time that the Bonds are Outstanding, and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of DTC with respect to the Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the Bonds or that continuation of the system of book-entry transfer through DTC is not in the best interest of the Beneficial Owners, and the City shall mail notice of such termination to the Fiscal Agent.

Upon termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions hereunder can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the City determines that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain certified Bonds, the Bonds shall no longer be restricted to being registered in the Bond Register of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners shall designate at that time, in accordance with Section 2.06.

To the extent that the Bond Owners as designated as the transferee by the Owners, in accordance with Section 2.06, the Bonds will be delivered to such Beneficial Owners.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1. Creation of Funds; Application of Proceeds and Other Moneys.

(a) Creation of Funds. There is hereby created and established and shall be maintained by the Fiscal Agent the following funds and accounts:

(1) The Community Facilities District No. 2001-1 Special Tax Fund (the "**Special Tax Fund**") (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account and a Reserve Account); and

(2) The Community Facilities District No. 2001-1 Surplus Fund (the "**Surplus Fund**"); and

(3) The Community Facilities District No. 2001-1 Costs of Issuance Fund (the "**Costs of Issuance Fund**").

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Fiscal Agent and the Fiscal Agent shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article 3 and shall disburse investment earnings thereon in accordance with the provisions of Section 3.8 hereof.

(b) Application of Proceeds. Proceeds received from the Original Purchaser in the amount of \$_____. (which represents the par amount of the Bonds of \$_____, plus a net original issue premium of \$_____, and which includes the amount of \$_____, shall be received by the Fiscal Agent and deposited or transferred on the Delivery Date as follows:

(i) \$_____ shall be transferred to the Prior Bonds Trustee to apply to redemption of the Prior Bonds in accordance with the Escrow Agreement.

(ii) \$_____ into the Costs of Issuance Fund.

(iii) \$_____ into the Reserve Account of the Special Tax Fund to fund the Reserve Requirement.

[(iv) \$_____ to the [City of South Lake Tahoe] as payment for Administrative Expenses.]

The Fiscal Agent may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

(c) Application of Other Moneys. The Fiscal Agent, in its capacity as Prior Bonds Trustee, shall deposit all of the moneys in the funds and accounts relating to the Prior Bonds (in the aggregate amount of \$_____) into the Refunding Fund established under the Escrow Agreement, including the following amounts:

(i) \$_____ from the Reserve Fund for the Prior Bonds.

- (ii) \$_____ from the Bond Fund for the Prior Bonds.

Section 3.2. Deposits to and Disbursements from Special Tax Fund.

(a) Except for the portion of any Prepayment to be deposited to the Redemption Account as specified in a Certificate of an Authorized Representative of the Agency, and except as set forth in Section 3.1(c) above, the Fiscal Agent shall, on each date on which the Special Taxes are received from the Agency (pursuant to Section 5.2(a)), deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Fiscal Agent shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

- (1) The Interest Account of the Special Tax Fund;
- (2) The Principal Account of the Special Tax Fund;
- (3) The Redemption Account of the Special Tax Fund;
- (4) The Reserve Account of the Special Tax Fund; and
- (5) The Surplus Fund.

Section 3.3. Administrative Expenses. So long as Administrative Expenses are subordinate to the obligations of the Agency with regard to Surplus Special Tax Revenues under the Parking Facility Agreement and until the obligations of the Agency to pay the Bonds and transfer Surplus Special Tax Revenues under the Parking Facility Agreement have been satisfied, no proceeds of Special Taxes shall be used for Administrative Expenses, In the event Administrative Expenses are no longer subordinate, Administrative Expenses shall be subordinate to payment of the Bonds on an annual basis, and the use of Special Tax Revenues for payment of the Administrative Expenses shall be as set forth in a supplement hereto.

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds until maturity, other than principal due upon redemption, shall be paid by the Fiscal Agent from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds will be made when due, after making the transfer required by Section 3.3, at least five Business Days prior to each March 1 and September 1, the Fiscal Agent shall transfer from the Special Tax Fund, first to the Interest Account and then to the Principal Account, the amount required to pay interest on and principal of the Bonds on the immediately succeeding March 1 or September 1; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency shall be made up by transfers from the Reserve Account.

Section 3.5. Redemption Account of the Special Tax Fund.

(a) Prepayments of Special Taxes deposited to the Redemption Account shall be applied on the redemption date established pursuant to Section 4.1(c) hereof for the use of such

Prepayments to the payment of the principal of and interest on the Bonds to be redeemed with such Prepayments.

(b) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and shall be applied on or after the redemption date to the payment of principal of the Bonds to be redeemed upon presentation and surrender of such Bonds and in the case of an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments, may be used to purchase Outstanding Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds may be made by the Agency at public or private sale as and when and at such prices as the Agency may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.6. Reserve Account of the Special Tax Fund. There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. If funded, the amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal and interest on the Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of or interest on any Bonds when due, the Fiscal Agent shall withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5 above, the Fiscal Agent shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the Agency elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Fiscal Agent determines that such amounts will not be needed to make the deposits required to be made to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 2. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the Agency shall include the amount necessary fully to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates. Whenever, on any Interest Payment Date, the amount in the Reserve Account exceeds the then applicable Reserve Requirement, the Fiscal Agent shall, except as otherwise provided in Section 5.2(k)(iii) hereof for purposes of rebate, transfer on or before such Interest Payment Date an amount equal to the excess from the Reserve Fund to the Redemption Account.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(c), or a partial defeasance of Bonds in accordance with Section 9.1 hereof, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve

Requirement. The Agency shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to Section 9.1(c) to partially defease Bonds, and the Fiscal Agent shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds in the final Bond Year for such issue.

Section 3.7. Surplus Fund. After making the transfers required by Sections 3.3, 3.4, 3.5 and 3.6, hereof, as soon as practicable after each September 2, and in any event prior to each November 1, the Fiscal Agent shall transfer all remaining amounts in the Special Tax Fund, if any, to the Surplus Fund, unless directed, in writing, by an Authorized Representative of the Agency to return a specified amount in the Special Tax Fund. Moneys deposited in the Surplus Fund shall be transferred by the Fiscal Agent, at the written direction of the Agency, (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor, and (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement,. In the event unexpended amounts remain on deposit in the Surplus Fund after the foregoing transfers, if any, the Agency shall apply such unexpended amounts, as Surplus Special Tax Revenues, to the obligations of the Agency under the Parking Facility Agreement.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds and may be used by the CFD for any lawful purpose in the manner described in this Section 3.7. In the event that the CFD reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds, upon the written direction of the Agency, the Fiscal Agent will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the series of Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Section 3.8. Costs of Issuance Fund. The Costs of Issuance Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which a deposit shall be made as required by Section 3.1. Moneys in the Costs of Issuance Fund shall be held by the Fiscal Agent for the benefit of the Agency and shall be disbursed from time to time to pay Costs of Issuance, as set forth in a written requisition executed by an Authorized Representative of the Agency, containing respective amounts to be paid to the designated payees and delivered to the Fiscal Agent.

Moneys in the Costs of Issuance Fund shall be invested and deposited by the Fiscal Agent under Section 3.9. Interest earnings and profits resulting from such investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 90 days from the Closing Date and then the Fiscal Agent shall transfer any moneys remaining therein, including any investment earnings thereon, to the Bond Fund and the Costs of Issuance Fund shall be closed.

Section 3.9. **Investments.** Moneys held in any of the Funds, Accounts and Subaccounts under this Fiscal Agent Agreement shall be invested at the written direction of the Agency in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on amounts deposited in the Special Tax Fund and the Surplus Fund, and each Account therein, shall be deposited in those respective Funds and Accounts.

Moneys in the Funds, Accounts and Subaccounts held under this Fiscal Agent Agreement may be invested by the Fiscal Agent as directed in writing by the Agency, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, and interest on the Bonds as the same become due.

(b) Monies in the Reserve Account of the Special Tax Fund may be invested only in Authorized Investments which, taken together, have a weighted average maturity not in excess of five years; provided that no such Authorized Investment of amounts in the Reserve Account allocable to the Bonds shall mature later than the respective final maturity date of the Bonds, as applicable.

(c) In the absence of written investment directions from the Agency, the Fiscal Agent shall invest solely in Authorized Investments specified in clause (h) of the definition thereof provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received written investment directions from the Agency specifying a specific money market fund and, if no such written investment directions from the Agency is so received, the Fiscal Agent shall hold such moneys uninvested. The Fiscal Agent shall be entitled to rely upon any investment directions from the Agency as conclusive certification to the Fiscal Agent that the investments described therein are so authorized under the laws of the State of California and qualify as Authorized Investments.

The Fiscal Agent shall sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at Fair Market Value. In making any valuations hereunder, the Fiscal Agent may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything

herein to the contrary, the Fiscal Agent shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Fiscal Agent Agreement.

The Fiscal Agent may act as principal or agent in the making or disposing of any investment. The Fiscal Agent may sell, or present for redemption, any Authorized Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of Section 7.4, the Fiscal Agent shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Fiscal Agent may commingle the funds and accounts established hereunder, but shall account for each separately.

The Agency acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the Agency periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder.

Section 3.10. Valuation and Disposition of Investments.

(a) Except as otherwise provided in subsection (b) of this Section, the Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Fiscal Agent Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code), shall be acquired, disposed of, and valued (by the Agency, as of the date that valuation is required by this Fiscal Agent Agreement or the Code) at Fair Market Value. The Fiscal Agent shall be deemed to have complied with such valuation by using its automated pricing service through its trust accounting system.

(b) 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 Reserve Account shall be valued at their present value (within the meaning of section 148 of the Code).

ARTICLE IV

REDEMPTION OF BONDS

Section 4.1. Redemption of Bonds.

(a) Optional Redemption. The Bonds maturing on or after September 1, _____, are subject to optional redemption, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, _____, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Bonds or portions to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, _____ and March 1, _____	102%
September 1, _____ and March 1, _____	101%
September 1, _____ and any date thereafter	100%

(b) Extraordinary Redemption. All of the Bonds are subject to redemption prior to their stated maturities, on any Interest Payment Date, from the proceeds of the Prepayment of Special Taxes, in whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Bonds or portions to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, _____ through March 1, _____	%
September 1, _____ and March 1, _____	%
September 1, _____ and March 1, _____	%
September 1, _____ and thereafter	100%

(c) Mandatory Sinking Fund Redemption. The Bonds maturing September 1, _____ are subject to mandatory sinking payment redemption in part on September 1, _____ and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of their principal amount to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following table:

Mandatory Redemption Date (September 1)	Sinking Fund Payment

Section 4.2. Selection of Bonds for Redemption. If fewer than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. In selecting portions of such Bonds for redemption, the Agency shall notify the Fiscal Agent of Bonds to be called for redemption and in such a way that the ratio of Outstanding Bonds to issued Bonds shall be approximately the same in each annual series insofar as possible. Within each annual series, the Fiscal Agent shall select Bonds for retirement by lot.

Section 4.3. Notice of Redemption. When Bonds are due for redemption under Section 4.1 above, the Fiscal Agent shall give notice, in the name of the Agency, of the redemption of such Bonds. The Agency may instruct the Fiscal Agent to specify in the redemption notice that such redemption may be subject to receipt of funds sufficient to accomplish the redemption. Such notice of redemption shall (a) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all the Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be redeemed; (e) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (f) state the date of issue of the Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Fiscal Agent. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond or portion thereof called for redemption, the principal thereof, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

Any such redemption notice may specify that redemption on the specified date will be subject to receipt by the Agency of moneys sufficient to cause such redemption, and neither the Agency nor the Fiscal Agent shall have any liability to the Owners or any other party as a result of its failure to redeem the Bonds as a result of insufficient moneys.

In addition to the foregoing notice, notice of redemption shall be sent at least two days before notice of redemption is mailed to the Bondowners pursuant to the first paragraph of this Section by registered or certified mail or overnight delivery service to the Securities Depositories and the Municipal Securities Rulemaking Board, provided however, that no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Upon the payment of the redemption price of any Bonds being redeemed, each check or other transfer of funds issued for such purpose shall to the extent practicable bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 4.4. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Agency shall execute and the Fiscal Agent shall authenticate and deliver to the Bondowner, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity subject to the foregoing limitations.

Section 4.5. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.3 hereof, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(a) The Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Fiscal Agent Agreement, anything in this Fiscal Agent Agreement or in the Bonds to the contrary notwithstanding;

(b) Upon presentation and surrender thereof at the office of the Fiscal Agent, the redemption price of such Bonds shall be paid to the Owners thereof;

(c) As of the redemption date the Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds, or portions thereof, shall cease to bear further interest; and

(d) As of the date fixed for redemption no Owner of any of the Bonds, or portions thereof so designated for redemption shall be entitled to any of the benefits of this Fiscal Agent Agreement or any Supplemental Agreement, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Warranty. The Agency shall preserve and protect the security pledged hereunder to the Bonds against all claims and demands of all persons.

Section 5.2. Covenants. So long as any of the Bonds issued hereunder are Outstanding and unpaid, the Agency makes the following covenants with the Bondowners under the provisions of the Act and this Fiscal Agent Agreement (to be performed by the Agency or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the Agency to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The Agency covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Chief Financial Officer to deposit all Special Taxes with the Fiscal Agent immediately upon their apportionment to the Agency, and the Agency shall have no beneficial right or interest in the amounts so deposited except as provided by this Fiscal Agent Agreement. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

The Agency covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, on the date, at the place and in the manner set forth in the Bonds and in accordance with this Fiscal Agent Agreement to the extent that Special Tax Revenues and other amounts pledged hereunder are available therefor, and that the payments into the Funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds and this Fiscal Agent Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Fiscal Agent Agreement and all Supplemental Agreements and of the Bonds issued hereunder.

The Agency will not mortgage or otherwise encumber, pledge or place any charge upon any of the Special Tax Revenues except as provided in this Fiscal Agent Agreement and in the Parking Facility Agreement, and will not issue any obligation or security having a lien or charge upon the Special Tax Revenues superior to or on a parity with the Bonds, except the Agency may create bonds secured on a parity to refund a portion of the Bonds. Nothing herein shall prevent the Agency from issuing or incurring indebtedness which is payable from a pledge of Special Tax Revenues which is subordinate in all respects to the pledge of Special Tax Revenues to repay the Bonds.

(b) Levy of Special Tax. The Agency shall comply with all requirements of the Act so as to assure the timely collection of Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

(i) Processing. On or within five (5) Business Days of each June 1, the Fiscal Agent shall provide the Chief Financial Officer with a notice stating the amount then on deposit in the Special Tax Fund and the other funds and accounts held by the Fiscal Agent under the Fiscal Agent Agreement, whether or not amounts need to be

deposited into the Reserve Account to increase the amounts on deposit therein to the Reserve Requirement, and informing the Agency that the Special Taxes need to be levied under the Ordinance as necessary to provide for the Special Tax Requirement (as defined in clause (iii) below). The receipt of or failure to receive such notice by the Chief Financial Officer shall in no way affect the obligations of the Chief Financial Officer under the following two paragraphs and the Fiscal Agent shall not be liable for failure to provide such notice to the Chief Financial Officer. Upon receipt of such notice, the Chief Financial Officer shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits or combinations during the preceding and then current year.

(ii) *Levy.* The Chief Financial Officer shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 1 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within the CFD for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Chief Financial Officer shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

(iii) *Computation.* The Chief Financial Officer shall fix and levy the amount of Special Taxes within the CFD in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (A) the principal of and interest on the Bonds when due, (B) amounts necessary to discharge any rebate obligation, during such year, (C) any amounts required to replenish the Reserve Account to the Reserve Requirement, and (D) obligations of the Agency to levy, collect and distribute Surplus Special Tax Revenues pursuant to the Parking Facility Agreement (the "**Special Tax Requirement**"), taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings under the Resolution of Formation.

(iv) *Collection.* The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

(c) Commence Foreclosure Proceedings. Under the Act, the Agency hereby covenants with and for the benefit of the Owners of the Bonds that it will commence judicial foreclosure proceedings against all parcels owned by a property owner where the aggregate delinquent Special Taxes on such parcels is greater than \$1,000 by the December 1 following the close of each Fiscal Year in which such Special Taxes were due, and (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 90% of the total Special Taxes levied for such Fiscal Year, and (iii) will diligently pursue such foreclosure proceedings in accordance with the provisions of the Act and applicable law until the delinquent Special Taxes are paid. The District covenants that it will deposit the proceeds of any foreclosure which constitute Net Taxes in the Special Tax Fund.

(d) Payment of Claims. The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Special Tax Revenues or other funds in the Special Tax Fund, or which might impair the security of the Bonds then Outstanding; provided that nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The Agency will keep proper books of records and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of not less than 10% of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

(f) Reduction of Maximum Special Taxes. The Agency hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the CFD below the levels provided in this Section 5.2(f) would interfere with the timely retirement of the Bonds. The Agency determines it to be necessary in order to preserve the security for the Bonds to covenant, and, to the maximum extent that the law permits it to do so, the Agency hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the CFD so long as the Bonds and the Agency's obligations under the Parking Facility Agreement remain outstanding. .

(g) Covenants to Defend. The Agency covenants that, in the event that any initiative is adopted by the qualified electors in the CFD which purports to reduce the minimum or the maximum Special Tax below the levels specified in Section 5.2(f) above or to limit the power of the Agency to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(h) Limitation on Right to Tender Bonds. The Agency hereby covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds in full payment or partial payment of any Special Taxes unless the Agency shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the Agency having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds when due.

(i) Further Assurances. The Agency shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Fiscal Agent Agreement and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Fiscal Agent Agreement.

(j) Tax Covenants. The Agency covenants as follows:

(i) *Private Activity Bond Limitation.* The Agency shall 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.

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

(iii) *Rebate Requirement.* The Agency shall 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.

(iv) *No Arbitrage.* The Agency shall not take, or permit or suffer to be taken by the Fiscal Agent 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.

(v) *Maintenance of Tax-Exemption.* The Agency shall 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. In addition, the Agency shall not take any action or fail to take any action if the action or failure adversely affect the exclusion of interest on the Prior Bonds from the gross income of the owners of the Prior Bonds to the same extent as such interest was permitted to be excluded from gross income for federal income tax purposes on the date of issuance of the Prior Bonds.

(l) Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Fiscal Agent Agreement, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Original Purchaser and any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

(m) State Reporting Requirements. The following requirements shall apply to the Bonds, in addition to those requirements under the preceding clause (l):

(i) *Annual Reporting.* Not later than October 30 of each calendar year, beginning with the October 30 first succeeding the date of the Bonds, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the Chief Financial Officer shall cause the following information to be supplied to CDIAC: (i) the principal amount of the Bonds Outstanding; (ii) the balance in the Reserve Account; (iii) the amount of any capitalized interest funded from the proceeds of the Bonds and the amount thereof used for payment of the Bonds; (iv) the number of parcels in the CFD which are delinquent in the payment of Special Taxes, the amount of each delinquency, the length of time delinquent and when foreclosure was commenced for each delinquent parcel; (v) that no new improvement fund moneys were funded from the Bonds; and (vi) the assessed value of all parcels in the CFD subject to the levy of the Special Taxes as shown in most recent equalized roll. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(ii) *Other Reporting.* If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Account to pay principal and interest on the Bonds, the Fiscal Agent shall notify the Chief Financial Officer of such failure or withdrawal in writing. The Chief Financial Officer shall notify CDIAC and the Original Purchaser of the Bonds of such failure or withdrawal within 10 days of such failure or withdrawal.

(iii) *Amendment.* The reporting requirements of this clause (m) shall be amended from time to time, without action by the Agency or the Fiscal Agent, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act. The Chief Financial Officer shall provide the Fiscal Agent with a copy of any such amendment. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the Agency's obligations under Section 4 of the Continuing Disclosure Certificate.

(iv) *No Liability.* None of the Agency and its officers, agents and employees, the Chief Financial Officer or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this clause (m).

Section 5.3. Obligations Under Parking Facility Agreement. The Agency acknowledges its continued obligations as to the use and disposition of Surplus Special Tax Revenues under the Parking Facility Agreement, notwithstanding the refunding of the Prior Bonds. All references to the "2007 Refunding Bonds" and the "CFD No. 2001-1 Refunding Bonds Indenture" in the Parking Facility Agreement are deemed to refer to the Bonds issued hereunder and this Fiscal Agent Agreement, respectively, and references to specific sections of the CFD No. 2001-1 Refunding Bonds Indenture shall be deemed to refer to equivalent sections of this Fiscal Agent Agreement.

ARTICLE VI

AMENDMENTS TO FISCAL AGENT AGREEMENT

Section 6.1. Supplemental Agreements or Orders Not Requiring Bondowner Consent. The Agency may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Agreements for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Fiscal Agent Agreement or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the Agency contained in this Fiscal Agent Agreement, other covenants, agreements, limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with this Fiscal Agent Agreement as theretofore in effect or which further secure Bond payments;

(c) to modify, amend or supplement this Fiscal Agent Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds then Outstanding; or

(d) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the CFD to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds Outstanding as of the date of such amendment; or

(e) to modify, alter, amend or supplement this Fiscal Agent Agreement in any other respect which is not materially adverse to the Bondowners; or

(f) 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.

Section 6.2. Supplemental Agreements or Orders Requiring Bondowner Consent. Exclusive of the Supplemental Agreements described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding shall have the right to consent to and approve the adoption by the Agency of such Supplemental Agreements as shall be deemed necessary or desirable by the Agency for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Fiscal Agent Agreement; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of any Bond or the rate of interest thereon, (c) a preference or priority of any Bond over any other Bond, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Agreement, without the consent of the Owners of all Bonds then Outstanding. The Fiscal Agent may in its discretion, but shall not be obligated to, enter into any

such Supplemental Indentures authorized by Section 6.1 or this Section 6.2 which adversely affects the Fiscal Agent's own rights, duties or immunities under this Fiscal Agent Agreement or otherwise.

If at any time the Agency shall desire to adopt a Supplemental Agreement, which pursuant to the terms of this Section shall require the consent of the Bondowners, the Agency shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplemental Agreement. The Fiscal Agent shall, at the expense of the Agency, cause notice of the proposed Supplemental Agreement to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Agreement and shall state that a copy thereof is on file at the office of the Fiscal Agent for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Agreement when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Agreement described in such notice, and shall specifically consent to and approve the adoption thereof by the Agency substantially in the form of the copy referred to in such notice as on file with the Fiscal Agent, such proposed Supplemental Agreement, when duly adopted by the Agency, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds have consented to the adoption of any Supplemental Agreement, Bonds which are owned by the Agency or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the Agency, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Agreement and the receipt of consent to any such Supplemental Agreement from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds in instances where such consent is required pursuant to the provisions of this section, this Fiscal Agent Agreement shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Fiscal Agent Agreement of the Agency and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3. Notation of Bonds; Delivery of Amended Bonds. After the effective date of any action taken as hereinabove provided, the Agency may determine that the Bonds may bear a notation, by endorsement in form approved by the Agency, as to such action, and in that case upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds. If the Agency shall so determine, new Bonds so modified as, in the opinion of the Agency, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond at such effective date such new Bonds shall be exchanged at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, without cost to each Owner of Outstanding Bonds, upon surrender of such Outstanding Bonds.

ARTICLE VII

FISCAL AGENT

Section 7.1. Fiscal Agent. The Bank of New York Mellon Trust Company, N.A., shall be the Fiscal Agent for the Bonds unless and until another Fiscal Agent is appointed by the Agency hereunder. The Agency may, at any time, appoint a successor Fiscal Agent satisfying the requirements of Section 7.2 below for the purpose of receiving all money which the Agency is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in this Fiscal Agent Agreement.

The Fiscal Agent is hereby authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5 above, interest payments to the Bondowners, to select Bonds for redemption, and to maintain the Bond Register. The Fiscal Agent is hereby authorized to pay the principal of the Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds presented to it for such purposes, to provide for the cancellation of Bonds all as provided in this Fiscal Agent Agreement, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Fiscal Agent Agreement. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds paid, discharged and cancelled by it.

The Fiscal Agent is hereby authorized to redeem the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent shall cancel all Bonds upon payment thereof in accordance with the provisions of Section 9.1 hereof.

The Agency shall from time to time, subject to any agreement between the Agency and the Fiscal Agent then in force, pay to the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Fiscal Agent, its officers, directors, employees and agents, harmless against costs, claims, expenses (including legal fees and expenses) and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The foregoing obligation of the Agency to indemnify the Fiscal Agent shall survive the removal or resignation of the Fiscal Agent or the discharge of the Bonds.

Section 7.2. Removal of Fiscal Agent. The Agency may at any time at its sole discretion remove the Fiscal Agent initially appointed, and any successor thereto, by delivering to the Fiscal Agent a written notice of its decision to remove the Fiscal Agent and may appoint a successor or successors thereto; provided that any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Fiscal Agent. If any bank, national banking association or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set

forth in its most recent report of condition so published. Any removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent and notice being sent by the successor Fiscal Agent to the Bondowners of the successor Fiscal Agent's identity and address.

Section 7.3. Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving written notice to the Agency and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Fiscal Agent. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Fiscal Agent satisfying the criteria in Section 7.2 above by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Fiscal Agent shall have given to the Agency written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bond Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

Section 7.4. Liability of Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the Agency, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Fiscal Agent Agreement, the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds, or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall be under no responsibility or duty with respect to the issuance of the Bonds for value. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, facsimile transmission, electronic mail, report, 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. The Fiscal Agent may consult with counsel, who may be counsel to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Fiscal Agent Agreement the Fiscal Agent shall 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 bad faith on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a written certificate of the Agency, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Fiscal Agent Agreement upon the faith thereof, but in its

discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Fiscal Agent Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Fiscal Agent shall not be deemed to have knowledge of any default or event of default until an officer at the Fiscal Agent's corporate trust office responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Fiscal Agent shall have received written notice thereof at its corporate trust office.

The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

The permissive right of the Fiscal Agent to do things enumerated in this Fiscal Agent Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys or agents and shall not be liable for the acts or omissions of such attorneys or agents appointed with due care.

The Fiscal Agent shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Owners pursuant to the provisions of this Indenture unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("**Instructions**") given pursuant to this Agreement and delivered using

Electronic Means ("**Electronic Means**") shall mean the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder); provided, however, that the Agency shall provide to the Fiscal Agent an incumbency certificate listing officers with the authority to provide such Instructions ("**Authorized Officers**") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent's understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Fiscal Agent and that the Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Agency. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 7.5. Merger or Consolidation. Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Fiscal Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE VIII

DEFEASANCE

Section 8.1. Defeasance. If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Fiscal Agent Agreement or any Supplemental Agreement, then the Owner of such Bond shall cease to be entitled to the pledge of Special Tax Revenues, and, other than as set forth below, all covenants, agreements and other obligations of the Agency to the Owner of such Bond under this Fiscal Agent Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds pursuant to this Section, the Fiscal Agent shall execute and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the Agency's general fund all money or securities held by it pursuant to this Fiscal Agent Agreement which are not required for the payment of the principal of and interest due on such Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund and available for such purpose, is fully sufficient to pay the principal of and interest on such Bond, as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent or another escrow bank appointed by the Agency, in trust, Federal Securities, in which the Agency may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of and interest on such Bond, as and when the same shall become due and payable;

then, at the election of the Agency, and notwithstanding that any Outstanding Bonds shall not have been surrendered for payment, all obligations of the Agency under this Fiscal Agent Agreement and any Supplemental Agreement with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond not so surrendered and paid, all sums due thereon. Notice of such election shall be filed with the Fiscal Agent not fewer than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Fiscal Agent. In connection with a defeasance under (b) or (c) above, there shall be provided to the Agency a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of and interest on all Outstanding Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to

the effect that the Bonds being defeased have been legally defeased in accordance with this Fiscal Agent Agreement and any applicable Supplemental Agreement.

Upon a defeasance, the Fiscal Agent, upon request of the Agency, shall release the rights of the Owners of such Bonds which have been defeased under this Fiscal Agent Agreement and any Supplemental Agreement and execute and deliver to the Agency all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds, the Fiscal Agent shall pay over or deliver to the Agency any funds held by the Fiscal Agent at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds when due. The Fiscal Agent shall, at the written direction of the Agency, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds have been defeased, in the form directed by the Agency, stating that the defeasance has occurred.

Defeasance shall be accomplished only with an irrevocable deposit in escrow of certain investments referred to in this section. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as schedule on the Bonds to and including the date of redemption. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

ARTICLE IX

MISCELLANEOUS

Section 9.1. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall be upon payment therefor, and any Bond purchased by the Agency as authorized herein and delivered to the Fiscal Agent for such purpose shall be, cancelled forthwith and shall not be reissued. The Fiscal Agent shall destroy such Bonds, as provided by law, and, upon request of the Agency, furnish to the Agency a certificate of such destruction.

Section 9.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Fiscal Agent Agreement to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of this Fiscal Agent Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the Agency nor the Fiscal Agent shall be affected by any notice to the contrary.

Nothing contained in this Fiscal Agent Agreement shall be construed as limiting the Fiscal Agent or the Agency to such proof, it being intended that the Fiscal Agent or the Agency may accept any other evidence of the matters herein stated which the Fiscal Agent or the Agency may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent or the Agency in pursuance of such request or consent.

Section 9.3. Unclaimed Moneys. Anything in this Fiscal Agent Agreement to the contrary notwithstanding, any money held by the Fiscal Agent or the Fiscal Agent in trust for the payment and discharge of any of the Outstanding Bonds which remain unclaimed for two years after the date when such Outstanding Bonds have become due and payable, if such money was held by the Fiscal Agent or the Fiscal Agent at such date, or for two years after the date of deposit of such money if deposited with the Fiscal Agent or the Fiscal Agent after the date when such Outstanding Bonds become due and payable, shall be repaid by the Fiscal Agent or the

Fiscal Agent to the Agency, as its absolute property and free from trust, and the Fiscal Agent or the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of such Outstanding Bonds; provided, however, that, before being required to make any such payment to the Agency, the Fiscal Agent at the written request of the Agency or the Fiscal Agent shall, at the expense of the Agency, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds at their addresses as they appear on the registration books of the Fiscal Agent a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be fewer than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Agency.

Section 9.4. Provisions Constitute Contract. The provisions of this Fiscal Agent Agreement shall constitute a contract between the Agency and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Fiscal Agent, then the Agency, the Fiscal Agent and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Fiscal Agent Agreement shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Fiscal Agent Agreement, but to no greater extent and in no other manner.

Section 9.5. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the Agency from making contracts or creating bonded or other indebtedness payable from a pledge of the Special Tax Revenues which is subordinate to the pledge hereunder, or which is payable from the general fund of the Agency or from taxes or any source other than the Special Tax Revenues and other amounts pledged hereunder.

Section 9.6. Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Fiscal Agent Agreement.

Section 9.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Fiscal Agent Agreement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Fiscal Agent Agreement and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Fiscal Agent Agreement, the Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 9.8. Notices. Any notices required to be given to the Agency with respect to the Bonds or this Fiscal Agent Agreement shall be mailed, first class, postage prepaid, or personally delivered as follows:

If to the Agency:

Successor Agency to the South Tahoe
Redevelopment Agency
1901 Airport Road, Suite 210
South Lake Tahoe, California, 96150
Attention: Successor Agency
Administrator

If to the Trustee:

The Bank of New York Mellon Trust
Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, California 90071
Attention: Corporate Trust

IN WITNESS WHEREOF, THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY, for and on behalf of its Community Facilities District No. 2001-1 (Park Avenue Project), has caused this Fiscal Agent Agreement to be signed by its Agency Manager and Agency Secretary, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in token of its acceptance of the duties hereunder, has caused this Fiscal Agent Agreement to be signed in its corporate name by its officers identified below, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY, for and on behalf of its Community Facilities District No. 2001-1 (Park Avenue Project)

By: _____
Agency Manager

ATTEST:

Agency Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Fiscal Agent

By: _____
Its: Authorized Officer

EXHIBIT A

FORM OF SPECIAL TAX REFUNDING BOND, SERIES 2015

R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT
AGENCY
COMMUNITY FACILITIES DISTRICT NO. 2001-1
(Park Avenue Project)
SPECIAL TAX REFUNDING BOND, SERIES 2015
(Heavenly Village))

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
_____ %	_____, _____	_____ 1, 2015	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: TWENTY-FIVE MILLION DOLLARS*****

THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY (the "Agency"), for and on behalf of Successor Agency to the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) (the "CFD"), FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Fiscal Agent Agreement (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing _____, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment. For the period during which Depository Trust Company of New York, New York, ("DTC") or any successor depository, is the registered owner of this bond, principal, redemption premiums, if any, and interest shall be paid by the City

to DTC, or such successor depository, by wire transfer; provided that principal and redemption premiums, if any, shall be paid upon surrender to the City, at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., as the initial Fiscal Agent, Authentication Agent, Registrar, Transfer and Paying Agent (the "Fiscal Agent"), in Los Angeles, California, of matured bonds or bonds called for redemption prior to maturity.

As to any registered owner hereof other than DTC or successor depository, the principal and redemption premiums, if any, shall be payable at the office of the Fiscal Agent specified above and interest shall be paid by check, draft or warrant mailed to DTC, or any successor depository, or in the event of termination of the book-entry system, to the registered owner hereof at the registered owner's address as it appears on the records of the Agent, or at such address as may have been filed with the Agent, for that purpose, as of the fifteenth day of the calendar month immediately preceding each Interest Payment Date; provided however, upon request in writing of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, such request having been made before fifteen calendar days preceding an Interest Payment Date, such interest shall be paid on such Interest Payment Date by wire transfer in immediately available funds to an account in the continental United States designated by such Owner to the Agent.

This Bond is one of a duly authorized issue of "Successor Agency to the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Special Tax Refunding Bonds, Series 2015 (Heavenly Village)" (the "Bonds") issued in the aggregate principal amount of \$_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, et seq., of the California Government Code (the "Act") for the purpose of refinancing outstanding special tax bonds of the Agency and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the Agency Board of the Agency acting in its capacity as the legislative body of the CFD (the "Legislative Body") on _____, 2015 and a Fiscal Agent Agreement executed in connection therewith (the "Fiscal Agent Agreement"), and this reference incorporates the Fiscal Agent Agreement herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Fiscal Agent Agreement is adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Fiscal Agent Agreement, the principal of and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within the CFD (the "Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Fiscal Agent Agreement. Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund established under the Fiscal Agent Agreement, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The Agency has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Fiscal Agent Agreement it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds maturing on or after September 1, _____, are subject to optional redemption, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, _____, as a whole or in part, at a redemption price

(expressed as a percentage of the principal amount of the Bonds or portions to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, _____ and March 1, _____	%
September 1, _____ and March 1, _____	%
September 1, _____ and any date thereafter	100%

All of the Bonds are subject to redemption prior to their stated maturities, on any Interest Payment Date, from the proceeds of the Prepayment of Special Taxes, in whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Bonds or portions to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, _____ through March 1, _____	%
September 1, _____ and March 1, _____	%
September 1, _____ and March 1, _____	%
September 1, _____ and thereafter	100%

The Bonds maturing September 1, _____ are subject to mandatory sinking payment redemption in part on September 1, _____, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of their principal amount to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following table:

Mandatory Redemption Date (September 1)	Sinking Fund Payment

In lieu of applying amounts in the Redemption Account to redeem Bonds, an Authorized Representative of the Agency may instruct the Fiscal Agent to apply such amounts to purchase Bonds as set forth in the Fiscal Agent Agreement.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not fewer than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date; provided that funds for the redemption are on deposit with the Fiscal Agent on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the Agency and the Fiscal Agent may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Fiscal Agent Agreement. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Fiscal Agent Agreement, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Fiscal Agent shall not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

The rights and obligations of the Agency and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Fiscal Agent Agreement.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE AGENCY OR THE CFD FOR WHICH THE AGENCY OR THE CFD IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE AGENCY PAYABLE FROM THE PORTION OF THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT BUT ARE NOT A DEBT OF THE AGENCY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Fiscal Agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Successor Agency to the South Tahoe Redevelopment Agency, for and on behalf of its Successor Agency to the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) has caused this Bond to be dated as of _____, 2015, to be signed on behalf of the Agency by the _____ by facsimile signature and attested by the facsimile signature of the _____ and has caused its seal to be reproduced hereon.

[Title]

ATTEST:

[Title]

[FORM OF FISCAL AGENT'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Fiscal Agent Agreement.

Dated: February 26, 2015

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Fiscal Agent

By: _____
Its: Authorized Officer

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto

whose tax identification number is _____,
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)

attorney to transfer the same on the books of the Fiscal Agent with full power of substitution in
the premises.

Dated: _____

Signature guaranteed:

NOTE: Signature(s) must be guaranteed by
an eligible guarantor institution.

NOTE: The signatures(s) on this Assignment
must correspond with the name(s) as written
on the face of the within Bond in every
particular without alteration or enlargement or
any change whatsoever.