



**Redevelopment and Financial Consulting**

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225 Holmfirth Court  
Roseville CA 95661

Phone: (916) 791-8958  
FAX: (916) 791-9234

**ANNUAL REPORT**

*For 2021-22 Fiscal Year  
With Data for 2022-23 Fiscal Year*

**Refunding Revenue Bonds**

**2014 Series A**

**2015 Series A**

**2017 Series A**

*South Tahoe Joint Powers Financing Authority  
Successor Agency to the South Tahoe Redevelopment Agency*

South Tahoe Redevelopment Project No. 1

March 2023

**Introduction**

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The South Tahoe Joint Powers Financing Authority (Authority) has issued the following bonds covered by this Annual Report:

<b>Bond Issue</b>	<b>Par Amount</b>
2014 Series A Refunding Revenue Bonds	\$29,230,000
2015 Series A Refunding Revenue Bonds	\$27,525,000
2017 Series A Refunding Revenue Bonds	\$17,640,000

The 2014, 2015 and 2017 issues are referred to as the Senior Bonds. The Bonds are secured by Loan Agreements entered into with the former South Tahoe Redevelopment Agency (Former Agency). Due to the redevelopment Dissolution Act, the City of South Lake Tahoe has assumed the role of Successor Agency to the South Tahoe Redevelopment Agency (Agency).

The source of repayment for the Loans first includes a portion of the tax increment revenues generated within the boundaries of Redevelopment Project Area No. 1 (Project Area). The portion of the tax increment revenues that are pledged to Loan repayment represents total tax increment revenues less allocations to the taxing entities and property tax administrative fees and are referred to as Tax Increment Revenues. Second, the transient occupancy tax (TOT) revenues of the Project Area are pledged to make debt service payments on the Loans. Combined, the Tax Increment Revenues and the TOT Revenues are referred to as the Pledged Revenue. The Senior Bonds have a parity lien on the Pledged Revenue.

Tax increment revenues are used first to pay debt service, followed by TOT Revenues to the extent needed to cover remaining debt service. The City retains all remaining TOT Revenues after the payment of the portion of the Senior Bonds not paid by tax increment. The remaining TOT Revenues are used by the City to make debt service payments on the Authority's \$10,055,000 Refunding Revenues Bonds, 2016 Series A (Lease Bonds), which refunded the Authority's 2006 Lease Bonds and then for any City use.

As part of the issuance of the Bonds, the Agency executed Continuing Disclosure Certificates. The Disclosure Certificates were executed and delivered by the Agency for the benefit of the holders and beneficial owners of the bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The Disclosure Certificates require the Agency to file an Annual Report based on the then applicable rules and electronic format prescribed by the MSRB, which meets the requirement for the other Disclosure Certificates as well. The Annual Report must be filed by March 31 of each year.

The Annual Report needs to contain or incorporate by reference the following financial information or operating data:

- Incremental taxable value and historical tax increment receipts, including information from Table 6 of the Official Statement.
- Historical information on Project Area TOT revenues, as shown on Table 7 of the Official Statement.
- The ten major property tax assessesees in the Project Area similar to Table 2 of the Official Statement.
- The ten major TOT assessesees in the Project Area similar to Table 8 of the Official Statement.
- An update to the debt service coverage based on actual TOT revenues for the most recently completed Fiscal Year, and estimated TA revenues based on the most recently available assessor's tax roll, in the form of Table 11 in the Official Statement.

The Annual Report must also contain the Audited Financial Statements of the Agency prepared in accordance with generally accepted accounting principles. Because of the Dissolution Act (described below), there are not separate audited financial statements prepared for the Agency. The Agency financials are reported in City's Annual Comprehensive Financial Report under "Successor Agency Private-Purpose Trust Fund". This fund reports the assets, liabilities and activities of the Successor Agency.

This Annual Report provides the required information for the Agency's fiscal year ending September 30, 2022, and data for 2022-23 to the extent available. The balance of this Report shows the required financial information and operating data. The value and revenue estimates contained in the following sections of this Report are based upon information and data that we believe to be reasonable and accurate. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore are not represented as results that will actually be achieved. However, we have conscientiously prepared them for the Agency on the basis of our experience in the field of financial analysis for redevelopment agencies.

### **Redevelopment Dissolution Act**

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Beginning February 1, 2012, redevelopment agencies were dissolved in California pursuant to the Dissolution Act. Successor agencies were designated to wind down the affairs and pay off the debts of the dissolved redevelopment agencies. The tax increment revenues that were used to secure debt continue to flow to successor agencies in order to repay debt. For more information about the Dissolution Act, see prior disclosure reports or the Official Statement that was issued for the Senior Bonds at [Municipal Securities Rulemaking Board::EMMA \(msrb.org\)](https://www.msrb.org/Rulemaking-Board/EMMA).

### **Financial and Operating Data**

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This section of the Report includes information on historical revenues, the Top Ten Assesseees and other required information. It also includes information on Pledged Revenues and coverage ratios on the Senior Bonds.

## **Historical Revenues**

Table 1 shows historical assessed values in the Project Area between 2017-18 and 2021-22. Taxable values had increased each year through 2020-21, although they did decline in 2021-22 by approximately \$13 million. Much of this decline (\$11 million) was due to an audit the County completed of unsold time-shares for Marriott Ownership Resorts, which showed the County had included invalid time-share parcels. As shown on Table 5, taxable values have increased to \$726.8 million, an increase of \$82 million, in 2022-23.

Table 1 also shows the historical receipt of tax increment revenues in the Project Area. The initial County levy is compared to the actual receipt of tax increment (exclusive of supplemental revenues) to determine collection trends. The County has typically allocated 100 percent of the estimated tax levy to the Agency. Agency revenues are reduced for roll corrections and refunds of property taxes due to successful assessment appeals. In 2021-22 refunds reduced revenue by \$247,846. Supplemental property taxes are also shown on Table 1 and are a function of new construction or changes of ownership since the last property tax lien date.

Table 2 shows summarized information on TOT collections in the Project Area for the period 2011-12 through 2021-22. In 2021-22 TOT revenues increased by \$1.5 million to almost \$7.5 million.

## **Top Ten Assesseees**

The Top Ten Assesseees in the Project Area are summarized on Table 3. The taxable value for the Top Ten Assesseees represents 53.09 percent of the total value of the Project Area as of 2022-23 and 64.72 percent of incremental value.

Table 4 “Ten Major TOT Revenue Generators,” lists the ten major TOT generators in the Project Area, the TOT revenue paid by each, and the percentage of total Project TOT revenue represented by each lodging facility. As shown on Table 4, the cumulative TOT revenue of the ten largest facilities represented 88 percent of the total TOT revenue in the Project Area for 2021-22.

## **Pledged Revenues and Coverage**

As previously stated, the source of repayment for the Loans are the tax increment revenues and TOT revenues (Pledged Revenues) generated within the boundaries of the Project Area. This section includes information on Pledged Revenues and debt service coverage for the Senior Bonds and the Lease Bonds.

## **Annual Tax Increment Revenues**

Table 5 shows the estimated tax increment revenues of the Project Area for 2022-23. The value of secured and unsecured property shown on Table 5 is based on information

provided by El Dorado County. Unitary revenues are based on prior year estimates from the County. Total tax increment is estimated at \$6 million.

The tax increment revenues of the Project Area were subject to certain adjustments and liens, as described in this section. Prior to the Dissolution Act, the adjustments and liens were required to be paid prior to the payment of debt service on the Senior Bonds.

#### *Adjustments to Revenue*

There are two adjustments to the tax increment revenues shown on Table 5: property tax administrative fees; and allocations pursuant to former Section 33676 of the Community Redevelopment Law (CRL).

State law allows counties to charge taxing entities, including redevelopment agencies, for the cost of administering the property tax collection system. In addition, the County is authorized to deduct its costs for implementing the Dissolution Act from the RPTTF. The fees have been estimated and shown on Table 5.

For project areas adopted prior to January 1994, taxing entities could elect to receive additional property taxes above the base year revenue amount. Such amounts are calculated by increasing the real property portion of base year values by an inflation factor of up to 2 percent annually. Taxing entities can receive a proportionate share of such revenues if they elected to do so prior to adoption of the redevelopment plan. El Dorado County, the El Dorado County Water Agency, the El Dorado County Service Area #3, the South Tahoe Public Utility District, and the El Dorado County Office of Education have elected to receive additional allocations of property taxes generated in the Project Area. Such amounts have been shown on Table 5 as Section 33676 allocations.

#### *Housing Set-Aside*

Prior to the Dissolution Act, redevelopment agencies were required to deposit not less than 20 percent of the tax increment generated in a project area into a special fund to be used for qualified low and moderate income housing programs. The housing set-aside deposit is no longer required.

#### *Tax Sharing Payments*

At the time of adoption of the Project Area, the Agency entered into individual agreements with two taxing entities. The agreements provide that the Agency will pay each taxing entity an amount of money to alleviate the fiscal detriment created by the Project Area. The Agency's tax sharing agreements are with the Lake Tahoe Community College District and the Lake Tahoe Unified School District. It is estimated that tax sharing payments under the agreements will be \$212,926 based on the estimate reported by the County for 2022-23. As shown on Table 5, Tax Increment Revenues have been reduced by this amount.

After reduction for the above liens, Tax Increment Revenues are estimated at \$5.2 million for 2022-23.

**TOT Revenues**

TOT Revenues for 2021-22 equaled almost \$7.5 million, as shown on Table 2.

**Pledged Revenues and Coverage**

Table 6 provides information on Pledged Revenues and coverage for the Senior Bonds. Coverage on the Senior Bonds is shown based on Loan Year Debt Service. As shown on Table 6, debt service coverage for the Senior Bonds for 2021-22 was 224 percent and is estimated at 245 percent for 2022-23.

Table 1  
 South Tahoe Successor Agency  
 Project Area No. 1

**HISTORICAL TAX INCREMENT REVENUE**

	2021-22	2020-21	2019-20	2018-19	2017-18
Total Taxable Value	\$644,203,107	\$657,345,468	\$619,415,870	\$598,455,063	\$546,966,164
Less: Base Year Value	130,614,321	130,614,321	130,614,321	130,614,321	130,614,321
Incremental Taxable Value	513,588,786	526,731,147	488,801,549	467,840,742	416,351,843
Tax Increment	5,191,493	5,267,311	4,888,015	4,712,460	4,204,518
Less: Section 33676 Allocations	477,790	466,256	444,430	423,031	402,053
Less: Property Tax Admin. Fees	89,007	102,206	97,693	89,907	88,931
<b>Net Tax Increment Levy (1)</b>	<b>4,624,696</b>	<b>4,698,849</b>	<b>4,345,892</b>	<b>4,199,522</b>	<b>3,713,534</b>
<i>Adjustments to Levy (2)</i>					
Penalties & Interest		7,193	6,897	4,953	1,036
Less: Refunds / Roll Corrections	(292,292)	(19,344)	5,705	0	0
<b>Total Tax Increment Receipts</b>	<b>4,332,404</b>	<b>4,725,386</b>	<b>4,347,084</b>	<b>4,204,636</b>	<b>3,754,265</b>
<b>Receipts to Levy %</b>	<b>93.68%</b>	<b>100.56%</b>	<b>100.03%</b>	<b>100.12%</b>	<b>101.10%</b>
Supplemental Property Taxes	(16,353)	252,303	175,055	195,927	224,461
<b>Total Tax Increment Receipts</b>	<b>4,316,051</b>	<b>4,977,689</b>	<b>4,522,139</b>	<b>4,400,563</b>	<b>3,978,726</b>
<b>Receipts to Levy %</b>	<b>93.33%</b>	<b>105.93%</b>	<b>104.06%</b>	<b>104.79%</b>	<b>107.14%</b>
<i>Liens on Tax Increment (3)</i>					
Taxing Entity Share	205,772	205,770	159,940	153,146	153,146
Total Liens	205,772	205,770	159,940	153,146	153,146
<b>Tax Increment Revenues</b>	<b>\$4,110,279</b>	<b>\$4,771,919</b>	<b>\$4,362,199</b>	<b>\$4,247,417</b>	<b>\$3,825,580</b>

(1) Reflects initial levy calculation by the County, reduced by Section 33676 and property tax administrative payments, which are deducted prior to payment of tax increment to the Agency.

(2) Amounts shown are adjustments to the initial levy reported by the County.

(3) Reflects reductions for prior liens on tax increment, in order to determine the amount available to pay bond debt service.

Table 2  
 South Tahoe Successor Agency  
 Project Area No. 1

**PROJECT AREA HISTORICAL TOT REVENUE (1)**

Fiscal Year (2)	Lake Tahoe Hotel (3) TOT Revenue	Diamond Resorts TOT Revenue	Grand Residence TOT Revenue	Timber Lodge TOT Revenue	All Other Project TOT	Total Project TOT	Percentage Change	Dollar Change
2011-12	1,519,096	142,462	812,556	773,897	837,655	4,085,666	N/A	N/A
2012-13	1,429,460	172,469	891,828	957,825	950,632	4,402,214	7.75%	316,548
2013-14	1,187,237	220,326	841,723	938,927	977,217	4,165,430	-5.38%	(236,784)
2014-15	1,375,947	392,281	818,738	1,047,169	1,096,856	4,730,990	13.58%	565,560
2015-16	1,629,816	451,867	1,022,522	1,286,893	1,434,153	5,825,251	23.13%	1,094,261
2016-17	1,744,331	491,829	1,113,243	1,438,550	1,487,393	6,275,346	7.73%	450,095
2017-18	1,819,277	477,783	1,077,641	1,233,560	1,897,097	6,505,358	3.67%	230,012
2018-19	1,865,803	559,691	1,144,285	1,374,985	2,034,233	6,978,997	7.28%	473,639
2019-20	1,131,034	417,635	906,614	848,556	1,678,684	4,982,523	-28.61%	(1,996,474)
2020-21	1,285,378	560,849	1,004,330	1,137,531	1,964,785	5,952,873	19.48%	970,350
2021-22	1,663,467	735,852	1,224,770	1,427,106	2,412,384	7,463,579	25.38%	1,510,706

(1) TOT revenue generated within the boundaries of the South Tahoe Redevelopment Project No. 1.

(2) Reflects City Fiscal Year beginning October 1 and ending September 30.

(3) Formerly Embassy Suites Hotel.



Table 3  
 South Tahoe Successor Agency  
 Project Area No. 1

**TEN MAJOR PROPERTY TAX ASSESSEES**

<u>Assessee</u>	<u>Type of Use</u>	<u>Number of Parcels</u>	<u>2022-23 Value (1)</u>	<u>%of Value (2)</u>	<u>Incremental Value (2)</u>
1) SODALITE TAHOE HOTEL	Lake Tahoe Resort Hotel	1	\$87,955,000	12.10%	14.75%
2) FIRST AMERICAN TRUST FSB T (3)	Time share parcels	9,086	73,540,680	10.12%	12.34%
3) TAHOE CHATEAU LAND HLDG CA LLC	Chateau Commercial	22	44,155,934	6.08%	7.41%
4) TSI INVESTMENTS NV LLC	Retail in Heavenly Village	8	43,509,472	5.99%	7.30%
5) IMPERIUM BLUE TAHOE HOLDINGS	Condo's / Commercial	6	33,000,000	4.54%	5.54%
6) TAHOE CRESCENT PTN LP	Raleys Shopping Center	3	27,498,277	3.78%	4.61%
7) HEAVENLY VALLEY LP	Gondola	1	22,683,197	3.12%	3.80%
8) MARRIOTT OWNERSHIP RESORTS (4)	Timber Lodge / Grand Res.	184	26,569,664	3.66%	4.46%
9) RIALTO STANTON TAHOE CALIF	Retail	1	13,723,031	1.89%	2.30%
10) TAHOE BIJOU LLC CALIF	Retail	1	13,191,259	1.82%	2.21%
<b>Total Valuation</b>			<b>385,826,514</b>	<b>53.09%</b>	<b>64.72%</b>

- (1) Based on ownership of locally-assessed secured property.
- (2) Based on 2022-23 Project Area taxable value of \$726,769,795 and incremental value of \$596,155,474.
- (3) First American Trust holds time share parcels in several different resorts.
- (4) Includes the value of common area and timeshare intervals that have been sold back to Marriott. The value also includes Grand Residence parcels owned by Marriott under the name Heavenly Resort Properties.

Source: El Dorado County Assessor Records

Table 4  
 South Tahoe Successor Agency  
 Project No. 1

**TEN MAJOR TOT REVENUE GENERATORS**

No.	Business Name	Rooms	2021-22	Percent of (1) Total TOT Revenue
1	Lake Tahoe Resort *	400	\$1,663,467	22%
2	Marriott's Timber Lodge *	264	1,427,106	19%
3	Marriott's Grand Residence *	199	1,224,770	16%
4	Diamond Resorts *	182	735,852	10%
5	Hotel Becket	177	469,561	6%
6	Holiday Inn Express SLT	89	352,131	5%
7	Postmarc Hotel and Spa *	54	237,820	3%
8	Blue Lake Inn	68	168,099	2%
9	Hampton Inn and Suites	120	164,573	2%
10	Econo Lodge and Suites	120	122,172	2%
<b>SUBTOTAL</b>			<b>6,565,551</b>	<b>88%</b>
All other TOT			898,028	
<b>Grand Total</b>			<b>7,463,579</b>	

*\* A tax rate of 12 percent applies to these businesses. A 10 percent rate is paid at all other facilities. Effective in January 2017 tax rates were increased 2% but those revenues are not available for the payment of debt service and are excluded from the numbers shown above.*

(1) Based on total TOT revenue collected in 2021-22 in the Project Area of \$7,463,579.

Table 5  
 South Tahoe Successor Agency  
 Project Area No. 1

**ESTIMATE OF TAX INCREMENT REVENUES (1)  
 FOR FISCAL YEAR 2022-23**

	2022-23
<b>Local Secured</b>	
Land	\$163,982,800
Improvements	523,602,618
Personal Property	6,611,349
Gross Local Secured	694,196,767
Exempt	0
Net Local Secured	694,196,767
<b>Unsecured</b>	
Land	2,062,661
Improvements	15,021,390
Personal Property	15,488,977
Gross Unsecured	32,573,028
Exempt	0
Net Unsecured	32,573,028
Total Secured & Unsecured	726,769,795
Base Year Taxable Value	130,614,321
Incremental Taxable Value	596,155,474
Tax Increment	5,961,555
Unitary Property Tax Revenue	36,045
<b>Total Tax Increment Revenue</b>	<b>5,997,600</b>
<u>Adjustments to Tax Revenue</u>	
Section 33676 Allocations (2)	500,382
Property Tax Administration Fees (3)	109,290
<u>Liens on Tax Increment</u>	
Taxing Entity Share (4)	212,926
<b>Tax Increment Revenues</b>	<b>\$5,175,002</b>

- (1) Taxable values as reported by El Dorado County.
- (2) Reflects property tax allocations made pursuant to Section 33676 of the Health and Safety Code.
- (3) Reflects percent that the actual fees for 2021-22 equaled in relation to total tax increment.
- (4) Based on the provisions of the tax sharing agreements.

Table 6  
 South Tahoe Successor Agency  
 Project Area No. 1

**PROJECTED DEBT SERVICE COVERAGE (1)**  
 (000's Omitted)

Fiscal Year	Projected TA (2) Revenue	Actual TOT (3) Revenue	Total Projected Revenue	Series 2014 Debt Service	Series 2015 Debt Service	Series 2017 Debt Service	Total Debt Service	Debt Service Coverage
2021 - 2022	\$4,110,279	\$7,463,579	\$11,573,858	\$1,763,469	\$2,465,694	\$937,494	\$5,166,657	224%
2022 - 2023	5,175,002	7,463,579	12,638,581	1,771,719	2,455,694	938,494	5,165,907	245%
2023 - 2024	5,175,002	7,463,579	12,638,581	1,762,719	2,462,194	943,894	5,168,807	245%
2024 - 2025	5,175,002	7,463,579	12,638,581	1,775,319	2,449,194	943,494	5,168,007	245%
2025 - 2026	5,175,002	7,463,579	12,638,581	1,774,669	2,452,444	943,494	5,170,607	244%
2026 - 2027	5,175,002	7,463,579	12,638,581	1,777,169	2,445,944	947,494	5,170,607	244%
2027 - 2028	5,175,002	7,463,579	12,638,581	1,782,594	2,437,769	945,244	5,165,607	245%
2028 - 2029	5,175,002	7,463,579	12,638,581	3,605,700	618,769	941,994	5,166,463	245%
2029 - 2030	5,175,002	7,463,579	12,638,581	3,610,700	615,994	942,744	5,169,438	244%
2030 - 2031	5,175,002	7,463,579	12,638,581	3,579,400	647,400	942,244	5,169,044	245%
2031 - 2032	5,175,002	7,463,579	12,638,581	3,582,200	640,600	945,494	5,168,294	245%
2032 - 2033	5,175,002	7,463,579	12,638,581	3,585,000	638,400	943,694	5,167,094	245%
2033 - 2034	5,175,002	7,463,579	12,638,581	3,707,600	515,600	946,444	5,169,644	244%
2034 - 2035	5,175,002	7,463,579	12,638,581	0	4,212,000	953,594	5,165,594	245%
2035 - 2036	5,175,002	7,463,579	12,638,581	0	0	5,169,219	5,169,219	244%
2036 - 2037	5,175,002	7,463,579	12,638,581	0	0	5,162,500	5,162,500	245%

(1) Revenues are based on a Fiscal Year ending September 30 of each year and debt service is presented on a bond year ending October 1 of each calendar year.

(2) Tax increment (TA) revenues reflect actuals for 2021-22 and estimates for the current 2022-23 fiscal year based on reported assessed value.

(3) TOT Revenues are actuals from the recently completed 2021-22 fiscal year.