



**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 2013-14 Fiscal Year*

**Refunding Revenue Bonds**

**1999 Series A**

**2003 Series A**

**2004 Series A**

**2005 Series A**

**2007 Series A**

**Refunding Lease Revenue Bonds**

**2006 Series A**

*South Tahoe Joint Powers Financing Authority  
Former South Tahoe Redevelopment Agency*

South Tahoe Redevelopment Project No. 1

March 2014

**Section A - Introduction**

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The South Tahoe Joint Powers Financing Authority (Authority) has issued the following bonds that are on parity with each other:

<b>Bond Issue</b>	<b>Par Amount</b>
1999 Series A Refunding Revenue Bonds	\$9,295,000
2003 Series A Refunding Revenue Bonds	\$10,855,000
2004 Series A Refunding Revenue Bonds	\$12,205,000
2005 Series A Refunding Revenue Bonds	\$39,255,000
2007 Series A Refunding Revenue Bonds	\$20,360,000

The 1999, 2003, 2004, 2005 and 2007 issues are referred to as the Senior Bonds. The Bonds are secured by Loan Agreements entered into with the former 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, the housing set-aside 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.

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 receives 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 \$23,245,000 Refunding Revenues Bonds, 2006 Series A (Lease Bonds).

As part of the issuance of the 1999, 2003, 2004, 2005 and 2007 Bonds and Notes, 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 with each National Repository and each State Repository (if any) no later than 180 days after the close of the fiscal year. The Annual Report must therefore be filed by March 31 of each year. There are currently no State Repositories in California.

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.
- Historical information on Project Area TOT revenues.

- The ten major property tax assesseees in the Project Area.
- The ten major TOT assesseees in the Project Area.

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. Commencing with the audited financial statements for the City for the fiscal year ended September 30, 2012, the activities of the Agency are reported as a fiduciary trust fund as part of the City's Comprehensive Annual Financial Report (CAFR), which is in accordance with guidance issued by the California Department of Finance (DOF) and available on the DOF's website ([www.dof.ca.gov](http://www.dof.ca.gov)) as of December 20, 2013. The Agency financials are reported in the CAFR under "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, 2013. In addition to the required information described above, the Agency is including the following:

1. Information on Pledged Revenues and coverage on debt service for the Senior Bonds and the Lease Bonds for 2012-13 and estimates for 2013-14.
2. Information on the Agency's current status under its tax increment limit and the remaining annual debt service on the tax increment supported Senior Bonds.

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.

## **AB 26 – Redevelopment Dissolution Act**

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In December 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al., v. Matosantos, et al.* The Court upheld the right of the state to dissolve redevelopment agencies pursuant to AB 26 which along with subsequent amendments pursuant to AB 1484 is referred to herein as the Dissolution Act. Based on modified time lines approved by the Court, all redevelopment agencies, including the South Tahoe Redevelopment Agency, were dissolved effective February 1, 2012. The City of South Lake Tahoe has assumed the role of Successor Agency and is charged with winding down the affairs of the former Agency and to make payments due on enforceable obligations, as defined in the Dissolution Act. The Bonds are an enforceable obligation under the Dissolution Act.

One of the key provisions of the Dissolution Act states:

*“It is the intent of this part [Part 1.85, governing post-dissolution activities and obligations] that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.”*

While the intent of this section of Dissolution Act is to protect the repayment of enforceable obligations, the practical implementation of the legislation changes the flow of funds from that which existed at the time the Bonds were sold, as described herein. Under the Dissolution Act, tax increment is no longer deemed to flow to the Successor Agency. Rather, all funds are considered property taxes. The obligation to deposit a portion of the tax increment into a low and moderate income housing fund is also no longer required. Given this, the financial information on tax increment provided in the Official Statement for the Bonds now varies from the way in which property tax funds are allocated under Dissolution Act. The Successor Agency cannot provide an absolute assurance that the Dissolution Act will not have an adverse impact on the timely payment of debt service, although such payments were fully made during the initial two years that the Dissolution Act has been in effect.

Under the Dissolution Act, the County Auditor-Controller is to determine the amount of property taxes that would have been allocated to each redevelopment agency had the agency not been dissolved. All former tax increment monies go into a Redevelopment Property Trust Fund (Trust Fund or RPTTF) which is controlled by the County Auditor-Controller.

The money in the Trust Fund is used as follows:

1. Allocate to the County property tax administrative fees and other costs needed to implement the Dissolution Act.
2. Pay all pass-through payments to the taxing entities. The former Project Area has an obligation to make payments required pursuant to former Section 33676, Section 33401 and Section 33607.5 and 33607.7 of the Community Redevelopment Law. None of these payments were subordinate to debt service on the Bonds.
3. Pay obligations required per the Recognized Obligation Payment Schedule (ROPS). The senior obligation payable from former Tax Revenues listed on the ROPS is payment of debt service on the Bonds.
4. Pay the administrative allowance, which goes to the Successor Agency to be used to wind down the affairs of the former redevelopment agency.
5. Distribute the balance to the taxing entities pursuant to Section 34183 and 34188 of the Dissolution Act.

The allocations from the Trust Fund take place in two six-month installments, in January and June of each year. The Successor Agency prepares a forward-looking ROPS to cover the subsequent six-month period. Once approved by the Oversight Board and the state Department of Finance, the County Auditor-Controller releases the Trust Fund revenues to pay for the obligations on the ROPS. By way of illustration, funds released in June 2013 generally reflect property taxes that were collected during the period from January through May 2013. The approved ROPS covered costs that were paid during the period from July through December 2013. Any excess Trust Fund revenue not needed to meet the various obligations shown in items 1 through 4 above would be reallocated to the taxing entities. Due to the nature of the Agency's debt, where former tax increment is first used to pay debt service on the Bonds, the Agency is currently receiving all of the available tax increment in each six month period and there is no excess revenue to be distributed.

The retention of fund balances, along with RPTTF monies that were distributed in June 2012, were subject to two due diligence reviews (DDR's) of funds held by the Agency as of June 30, 2012, pursuant to Section 34179.5 of AB 1484. The Agency was allowed by DOF to retain certain fund balances as part of the DDR process in order to meet projected shortfalls in debt service for the 2012-13 fiscal year.

## **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 and the Lease Bonds.

### **Historical Revenues**

Table 1 provides information on historical assessed values in the Project Area. Taxable values have fallen from \$878 million in 2008-09 to \$595.9 million in 2012-13. For 2013-14, taxable values were further reduced to \$582.6 million. The reductions in value occurred under Proposition 8, which requires the local county assessor to enroll the lesser of the market value or the Proposition 13 value of property. In the opinion of the El Dorado County Assessor, the market value for time share units has dropped, and so they reduced value at the Grand Residence, the Timber Lodge, Diamond Resorts, and other time share facilities. In addition the County Assessor reduced value in 2012-13 for parcels where the owners had filed appeals and processed roll corrections for prior year taxes paid due to the resolution of the appeals.

Table 1 also provides information on 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, which were substantial for 2012-13, totaling almost \$1.9 million. 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 provides summarized information on TOT collections in the Project Area for the period 2008-09 through 2012-13. For 2008-09 and 2009-10 combined, TOT Revenue went down by \$1 million due to the deep economic recession in the country. In 2010-11, TOT Revenues stabilized and only went down by approximately \$48,000. For 2011-12, TOT Revenues went up by \$46,821, and in 2012-13 TOT Revenue went up by \$258,608.

### **Top Ten Assesseees**

The Top Ten Assesseees in the Project Area are summarized on Table 3. The secured taxable value for the Top Ten Assesseees represents 43 percent of the total secured value of the Project Area as of 2013-14 and 55 percent of secured 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 95 percent of the total TOT revenue in the Project Area for 2012-13.

### **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 provides information on the estimated tax increment revenues of the Project Area for 2013-14. 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 \$4.5 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 three adjustments to the tax increment revenues shown on Table 5: property tax administrative fees; allocations pursuant to former Section 33676 of the Community Redevelopment Law (CRL); and property tax refunds, as discussed above.

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.

#### *Housing Set-Aside*

Prior to AB 26, 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 and is shown at 0 on Table 5.

#### *Tax Sharing Payments*

At the time of adoption of the Project Area, the Agency entered into individual agreements with three 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 \$148,000. 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 \$3.9 million for 2013-14.

#### **TOT Revenues**

Table 6 shows a projection of TOT revenue for the Project Area for 2013-14. The projections for the Lake Tahoe Resort (formerly the Embassy Suites) are based on the actual average daily room rate (ADR) of \$164 and the actual occupancy percentage of 50% for 2012-13. We have held future TOT revenues constant for Diamond Resorts based on the 2012-13 actual amount. TOT revenues for the Heavenly Village facilities are generally based on the actual TOT revenues for 2012-13. TOT revenue from all other

Project Area lodging facilities has been estimated based on the actual TOT revenue in 2012-13. TOT revenue for 2013-14 is estimated at \$4.4 million.

### **Pledged Revenues and Coverage**

Table 7 provides information on Pledged Revenues and coverage for the Senior Bonds and the Lease Bonds prior to the Dissolution Act. Coverage on the Senior Bonds is shown based on Loan Year Debt Service. As shown on Table 7, debt service coverage for the Senior Bonds for 2012-13 was 118 percent. Coverage is estimated at 143 percent for 2013-14.

The remaining Pledged Revenues equaled \$1.0 million for 2012-13 and are estimated at \$2.5 million for 2013-14. The remaining Pledged Revenue was short by \$799,000 for 2012-13. The Agency retention of fund balances, through the DDR process, were used to cover this shortfall. For 2013-14, the remaining Pledged Revenues are estimated to be sufficient to cover debt service on the Lease Revenue Bonds.

Table 8 reflects the estimated impact of the Dissolution Act on Bond debt service payments. The table shows the actual or estimated tax increment and TOT Revenue that is available, the obligations that are deducted prior to paying debt service (including administrative fees, tax sharing payments, and refunds and roll corrections) and the payment of bond debt service. The table shows coverage based on the six month ROPS periods required by the Dissolution Act.

### **Tax Increment Limit and Annual Debt Service**

The Agency has agreed to provide information on its tax increment limit and annual bond debt service pursuant to certain provisions of the Bond documents. Specifically, the Agency has agreed to provide a Consultants Report to FSA and AMBAC on the aggregate amount of annual debt service remaining on all outstanding Bonds payable from Tax Increment Revenues and the amount of such revenues the Agency is permitted to receive under the Plan Limitations.

It is unclear under the Dissolution Act whether the tax increment limit contained in the former Redevelopment Plan applies. There is no longer a housing set-aside requirement, which affects the amount Tax Increment Revenue. Based on each of these issues, we have prepared our best estimate of the status of the Project Area under the tax increment limit, assuming this limit still applies.

Table 9 provides the required information. The Agency has a total tax increment limit of \$568 million, and has received \$71.6 million through 2012-13. This leaves \$496 million, of which \$468 million is available for debt service. Aggregate TI Supported Senior Bond Debt Service (as defined in the Fourth Supplemental Loan Agreement) totals \$88.7 million. The TI Cap Coverage (as defined in the Fourth Supplemental Loan Agreement) for the 2013-14 Bond Year is 528 percent, which is greater than the 105 percent level that



would trigger an early bond call. Therefore, the Agency does not need to set aside Surplus Revenues to effect an optional redemption of the Senior Authority Bonds on October 1 of the same Bond Year.

Table 1  
 South Tahoe Redevelopment Agency  
 Project Area No. 1

**HISTORICAL TAX INCREMENT REVENUE**

	2012-13	2011-12	2010-11	2009-10	2008-09
Total Taxable Value	\$595,897,312	\$700,791,998	\$745,332,104	\$914,335,243	\$878,007,016
Less: Base Year Value	130,614,321	130,614,321	130,614,321	130,614,321	130,614,321
Incremental Taxable Value	465,282,991	570,177,677	614,717,783	783,720,922	747,392,695
Tax Increment	4,675,332	5,701,777	6,147,178	7,837,209	7,473,927
Less: Section 33676 Allocations	319,933	313,673	296,221	298,460	279,924
Less: Property Tax Admin. Fees	133,180	148,900	171,080	190,300	177,187
<b>Net Tax Increment Levy (1)</b>	<b>4,222,219</b>	<b>5,239,204</b>	<b>5,679,877</b>	<b>7,348,449</b>	<b>7,016,816</b>
<i>Adjustments to Levy (2)</i>					
Penalties & Interest			13,209	8,903	18,060
Less: Refunds / Roll Corrections	1,791,481	101,204	349,570	91,184	
Other Adjustments	84,719				107,384
<b>Total Tax Increment Receipts</b>	<b>2,346,019</b>	<b>5,138,000</b>	<b>5,343,516</b>	<b>7,266,168</b>	<b>7,142,260</b>
<b>Receipts to Levy %</b>	<b>55.56%</b>	<b>98.07%</b>	<b>94.08%</b>	<b>98.88%</b>	<b>101.79%</b>
Supplemental Property Taxes	213,699		61,725	52,342	243,236
<b>Total Tax Increment Receipts</b>	<b>2,559,718</b>	<b>5,138,000</b>	<b>5,405,241</b>	<b>7,318,510</b>	<b>7,385,496</b>
<b>Receipts to Levy %</b>	<b>60.62%</b>	<b>98.07%</b>	<b>95.16%</b>	<b>99.59%</b>	<b>105.25%</b>
<i>Liens on Tax Increment (3)</i>					
Housing Set-Aside	0	0	1,117,176	1,501,545	1,505,555
Taxing Entity Share	148,112	148,112	148,112	295,386	163,906
Total Liens	148,112	148,112	1,265,288	1,796,931	1,669,461
<b>Tax Increment Revenues</b>	<b>\$2,411,606</b>	<b>\$4,989,888</b>	<b>\$4,139,953</b>	<b>\$5,521,579</b>	<b>\$5,716,035</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. Starting in 2011-12 under AB 26, the housing set-aside was no longer required.

Table 2  
 South Lake Tahoe Redevelopment Agency  
 Project Area No. 1

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

Fiscal Year (2)	Lake Tahoe Resort (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
2008-09	1,557,831	168,964	761,863	742,885	1,251,066	4,482,609	-11.79%	(599,009)
2009-10	1,526,269	181,517	712,296	742,693	924,033	4,086,809	-8.83%	(395,800)
2010-11	1,597,481	186,335	781,425	683,723	789,881	4,038,845	-1.17%	(47,964)
2011-12	1,519,096	142,462	812,556	773,897	837,655	4,085,666	1.16%	46,821
2012-13	1,429,460	172,469	891,828	957,825	950,632	4,402,214	7.75%	316,548

(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 Redevelopment Agency  
 Project Area No. 1

**TEN MAJOR PROPERTY TAX ASSESSEES**

<u>Assessee</u>	<u>Type of Use</u>	<u>2013-14 Secured Value (1)</u>	<u>%of Secured Value (2)</u>	<u>%of Secured Incremental Value (2)</u>
1) FIRST AMERICAN TRUST FSB T	Time share parcels	70,957,738	12.67%	16.30%
2) ROPPONGI-TAHOE LP	Embassy Suites Hotel	50,926,888	9.09%	11.70%
3) TRANS SIERRA / TSI INVESTMENTS	Retail	26,110,037	4.66%	6.00%
4) HEAVENLY VALLEY LTD PTNSHP	Gondola	25,595,006	4.57%	5.88%
5) TAHOE CRESCENT PTN LP	Commercial	24,137,056	4.31%	5.54%
5) MARRIOTT OWNERSHIP RESORTS (3)	Timber Lodge	19,886,856	3.55%	4.57%
6) STARTDUST VACATION CLUB	Time share	7,391,163	1.32%	1.70%
8) EAST RIVER TERRACE PARTNERS	Retail	7,353,000	1.31%	1.69%
9) CECILS LLC	Retail	7,128,551	1.27%	1.64%
10) TAHOE STATELINE VENTURE	Project 3 site	6,600,000	1.18%	1.52%
<b>Total Valuation</b>		<b>246,086,295</b>	<b>42.75%</b>	<b>55.01%</b>

(1) Based on ownership of locally-assessed secured property.

(2) Based on 2013-14 Project Area secured taxable value of \$560,243,449 and incremental secured value of \$435,380,269.

(3) Includes the value of unsold timeshare intervals.

Source: El Dorado County Assessor Records

Table 4  
 South Tahoe Redevelopment Agency  
 Project No. 1

**TEN MAJOR TOT REVENUE GENERATORS**

No.	Business Name	2012-13	Percent of (1) Total TOT Revenue
1	Lake Tahoe Resort	\$1,429,460	32%
2	Marriott's Timber Lodge	957,825	22%
3	Marriott's Grand Residence	891,828	20%
4	Holiday Inn Express SLT	237,555	5%
5	Diamond Resorts	172,469	4%
6	Park Tahoe Inn	99,788	2%
7	968 Park Spa Resort	96,250	2%
8	Super 8 Motel	83,339	2%
9	Quality Inn & Suites	72,427	2%
10	Stardust Vacation Club	64,661	1%
<b>TOTAL</b>		<b>4,105,603</b>	<b>93%</b>

(1) Based on total TOT revenue collected in 2011-12 in the Project Area of \$4,344,274.

Table 5  
 South Tahoe Redevelopment Agency  
 Project Area No. 1

**ESTIMATE OF TAX INCREMENT REVENUES (1)  
 FOR FISCAL YEAR 2013-14**

	TRA 2-007
<b>Local Secured</b>	
Land	\$129,832,928
Improvements	423,916,494
Personal Property	6,494,027
Gross Local Secured	560,243,449
Exempt	0
Net Local Secured	560,243,449
<b>Unsecured</b>	
Land	\$175,527
Improvements	11,216,724
Personal Property	10,955,302
Gross Unsecured	22,347,553
Exempt	0
Net Unsecured	22,347,553
Total Secured & Unsecured	582,591,002
Base Year Taxable Value	130,614,321
Incremental Taxable Value	451,976,681
Tax Increment	4,519,767
Unitary Property Tax Revenue	22,498
<b>Total Tax Increment Revenue</b>	<b>4,542,265</b>
<u>Adjustments to Tax Revenue</u>	
Section 33676 Allocations (2)	349,632
Property Tax Administration Fees (3)	129,389
Property Tax Refunds (4)	0
<u>Liens on Tax Increment</u>	
Housing Set-Aside (5)	0
Taxing Entity Share (6)	148,112
<b>Tax Increment Revenues</b>	<b>\$3,915,131</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 reduction for January and June 2013 equaled in relation to total tax increment.
- (4) Per County, all major refunds had been deducted as of June 2013.
- (5) The housing set-aside is no longer required under AB 26.
- (6) Based on the provisions of the tax sharing agreements.

Table 6  
 South Tahoe Successor Agency  
 Project Area No. 1

**PROJECTION OF PROJECT TOT REVENUE**  
 (000's Omitted)

		1 Projected
		2013 2014
		<hr/>
<u>Lake Tahoe Resort</u>		
Rooms	400	
Average Daily Room Rate (1)	2%	164
Occupancy Percentage (2)		50%
Gross Receipts		11,908
Estimated TOT Revenue	12%	1,429
 <u>Grand Residence</u>		
Rooms	201	
Average Daily Room Rate (1) @	2%	228
Occupancy Percentage (2)		44%
Gross Receipts		7,424
Estimated TOT Revenue		891
 <u>Timber Lodge</u>		
Rooms	258	258
Average Daily Room Rate (1) @	2%	198
Occupancy Percentage (2)		43%
Gross Receipts		7,956
Estimated TOT Revenue		955
Diamond Resort (3)		172
All Other TOT Revenue (4)		951
 <b>GRAND TOTAL TOT</b>		 <hr/> <b>4,397</b>

- (1) Reflects actual room rate for 2012-13.
- (2) Reflects actual occupancy percentage for 2012-13.
- (3) Future TOT revenue held constant.
- (4) Amounts for 2013-14 based on actual for 2012-13.

Table 7  
 South Tahoe Redevelopment Agency  
 Project No. 1

**BOND COVERAGE ANALYSIS - PRIOR TO AB 26**

	Actual 2012-13	Estimate 2013-14
<b>Pledged Revenues:</b>		
TOT Revenues (1)	4,402,214	4,397,000
Tax Increment (2)	2,411,606	3,915,131
<b>Total</b>	<b>6,813,820</b>	<b>8,312,131</b>
<b><u>Loan Year Debt Service - Parity Bonds</u></b>		
1999 Series A	561,428	559,544
2003 Series A	618,156	621,130
2004 Series A	746,392	748,778
2005 Series A	2,696,250	2,697,250
2007 Series A	1,164,478	1,166,078
<b>Total</b>	<b>5,786,704</b>	<b>5,792,780</b>
<b>Debt Service Coverage</b>	<b>118%</b>	<b>143%</b>
Pledged Revenue after Parity Debt	1,027,116	2,519,351
2006 Lease Bonds (3)	1,825,706	1,830,306
<b>Net TOT Revenues (4)</b>	<b>(798,590)</b>	<b>689,045</b>

(1) See Table 6 for details.

(2) See Tables 1 and 5 for details. Amount will not match Table 8 because of a higher pass through amount deducted by the County.

(3) The 2006 Lease Bonds are paid by the City from TOT remaining after Parity obligations are paid.

(4) The deficit for 2012-13 was covered through the retention of cash balances .



Table 8  
 South Tahoe Redevelopment Agency  
 Project No. 1

**BOND DEBT SERVICE COVERAGE UNDER AB 26**

Category	2012-13			2013-14		
	Actual January- June 2013	Actual July - December 2013	Total	Estimated January- June 2014	Estimated July - December 2014	Total
Tax Increment (1)	\$2,184,803	2,384,295	4,569,098	\$2,411,167	1,781,466	4,192,633
TOT Revenue (2)	2,222,229	2,179,985	4,402,214	2,225,539	2,171,701	4,397,240
<b>Total</b>	<b>4,407,032</b>	<b>4,564,280</b>	<b>8,971,312</b>	<b>4,636,706</b>	<b>3,953,167</b>	<b>8,589,873</b>
<i>Obligations</i>						
Property Tax Administration Fees (3)	133,180	0	133,180	85,726	43,663	129,389
Tax Sharing Payments (4)	104,984	43,128	148,112	244,911	15,178	260,089
Refunds and Roll Corrections	1,436,333	439,867	1,876,200	0	0	0
<b>Combined Revenue for Debt Service</b>	<b>\$2,732,535</b>	<b>\$4,081,285</b>	<b>\$6,813,820</b>	<b>\$4,306,069</b>	<b>\$3,894,326</b>	<b>\$8,200,395</b>
1999 Series A	213,214	348,214	561,428	209,772	349,772	559,544
2003 Series A	286,578	331,578	618,156	285,565	335,565	621,130
2004 Series A	268,196	478,196	746,392	264,389	484,389	748,778
2005 Series A	808,125	1,888,125	2,696,250	781,125	1,916,125	2,697,250
2007 Series A	477,239	687,239	1,164,478	473,039	693,039	1,166,078
<b>Total Parity Debt Service (5)</b>	<b>2,053,352</b>	<b>3,733,352</b>	<b>5,786,704</b>	<b>2,013,890</b>	<b>3,778,890</b>	<b>5,792,780</b>
<b>Debt Service Coverage - Post AB 26</b>	<b>133%</b>	<b>109%</b>	<b>118%</b>	<b>214%</b>	<b>103%</b>	<b>142%</b>
Remaining Tax Increment			0			0
Remaining TOT Revenue			1,027,116			2,407,615
2006 Lease Bonds (5)			1,825,706			1,830,306
<b>Net TOT Revenues (6)</b>			<b>(798,590)</b>			<b>577,309</b>

- (1) Reflects actual receipts based on the records of the Agency for 2012-13 and January 2014. July to December 2013 numbers are estimates. Reductions due to refunds are shown separately below. The amount is net of Section 33676 allocations.
- (2) TOT reflects actuals or estimates based on historical collections by month. Reflects the period from October through September of each year.
- (3) Estimated for 2013-14 based on 2.85 percent of tax increment.
- (4) The County calculation of pass through payments appears to be overstated in 2013-14 and does not match the amount on Table 5.
- (5) Bond year debt service.
- (6) The deficit for 2012-13 was covered through the retention of cash balances .

Table 9

**ANNUAL COVERAGE REPORT AS OF 2013-14**

<b>TI Cap Coverage</b>	
Total Tax Increment Limit	568,000,000
Tax Increment Received (1)	71,589,565
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Remaining Gross TI Cap	496,410,435
Less: Housing Set-Aside (2)	0
Property Tax Admin Fees (2)	14,147,697
Pass Throughs (2)	14,248,469
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Remaining Pledged TI Cap	468,014,269
Aggregate TI Supported Senior Bond Debt Service	88,677,976
TI Cap Coverage	528%

**Analysis of Aggregate TI Supported Senior Bonds Debt Service**

	1999	2003	2004	2005	2007	Senior Bonds	Actual TOT	50% of	TI Supported	Aggregate TI	Projected	Projected
	Bonds	Bonds	Bonds	Bonds	Bonds	Debt Service	Revenues (3)	TOT Revenues	Senior Bonds	Supported	Remaining	TI Cap
									Debt Service	Debt Service	Pledged	Coverage
											TI Cap (4)	
2013-14	557,986	617,143	742,585	2,669,250	1,160,279	5,747,243	4,402,214	2,201,107	3,546,136	85,131,840	464,080,405	545%
2014-15	555,956	619,980	744,654	2,668,875	1,160,579	5,750,044	4,402,214	2,201,107	3,548,937	81,582,903	460,164,699	564%
2015-16	553,563	622,524	741,169	2,670,625	1,159,329	5,747,209	4,402,214	2,201,107	3,546,102	78,036,801	456,157,704	585%
2016-17	550,781	624,748	742,110	2,669,375	1,162,454	5,749,468	4,402,214	2,201,107	3,548,361	74,488,440	452,057,596	607%
2017-18	552,566	626,653	747,410	2,660,250	1,161,229	5,748,108	4,402,214	2,201,107	3,547,001	70,941,439	447,862,512	631%
2018-19	553,821	628,225	741,354	2,663,000	1,160,498	5,746,898	4,402,214	2,201,107	3,545,791	67,395,648	443,570,552	658%
2019-20	554,546	629,435	744,223	2,657,375	1,163,986	5,749,565	4,402,214	2,201,107	3,548,458	63,847,190	439,179,779	688%
2020-21	554,741	630,298	746,949	2,653,375	1,161,944	5,747,307	4,402,214	2,201,107	3,546,200	60,300,990	434,688,217	721%
2021-22	554,406	630,853	743,375	2,660,500	1,159,331	5,748,465	4,402,214	2,201,107	3,547,358	56,753,632	430,093,850	758%
2022-23	553,463	635,993	743,250	2,653,625	1,160,991	5,747,321	4,402,214	2,201,107	3,546,214	53,207,418	425,394,621	800%
2023-23	551,906	640,593	747,250	2,647,875	1,161,675	5,749,299	4,402,214	2,201,107	3,548,192	49,659,226	420,588,434	847%
2024-25	549,813	639,788	745,375	2,652,750	1,160,625	5,748,350	4,402,214	2,201,107	3,547,243	46,111,983	415,673,149	901%
2025-26	552,047	643,578	742,750	2,648,000	1,162,875	5,749,249	4,402,214	2,201,107	3,548,142	42,563,841	410,646,585	965%
2026-27	548,609	651,693	744,250	2,643,625	1,159,250	5,747,427	4,402,214	2,201,107	3,546,320	39,017,521	405,506,515	1039%
2027-28	554,366	649,268	744,750	2,639,375	1,159,750	5,747,508	4,402,214	2,201,107	3,546,401	35,471,120	400,250,670	1128%
2028-29	549,316	656,264	744,250	2,635,000	1,164,125	5,748,954	4,402,214	2,201,107	3,547,847	31,923,273	394,876,735	1237%
2029-30	2,519,172	652,680	747,625	665,625	1,162,375	5,747,477	4,402,214	2,201,107	3,546,370	28,376,903	389,382,347	1372%
2030-31	2,515,844	658,551	744,875	668,375	1,159,625	5,747,270	4,402,214	2,201,107	3,546,163	24,830,740	383,765,097	1546%
2031-32	0	3,173,300	746,000	670,125	1,160,750	5,750,175	4,402,214	2,201,107	3,549,068	21,281,672	378,022,528	1776%
2032-33	0	3,173,111	745,875	666,000	1,160,625	5,745,611	4,402,214	2,201,107	3,544,504	17,737,168	372,152,134	2098%
2033-34	0	3,174,203	744,500	670,875	1,164,125	5,753,703	4,402,214	2,201,107	3,552,596	14,184,572	366,151,358	2581%
2034-35	0	0	3,915,500	669,625	1,161,250	5,746,375	4,402,214	2,201,107	3,545,268	10,639,304	360,023,462	3384%
2035-36	0	0	0	4,586,875	1,162,000	5,748,875	4,402,214	2,201,107	3,547,768	7,091,536	353,779,824	4989%
2036-37	0	0	0	0	5,748,625	5,748,625	4,402,214	2,201,107	3,547,518	3,544,018	347,418,131	9803%
2037-38	0	0	0	0	5,745,125	5,745,125	4,402,214	2,201,107	3,544,018	(0)	340,936,021	

Aggregate TI Supported Senior Bond Debt Service

88,677,976

- (1) Amount received through 2012-13.
- (2) Housing set-aside no longer required ; property tax administrative fees at 3%; pass throughs at 2.84%.
- (3) Actual TOT Revenues for 2012-13.
- (4) Based on tax increment projections.