

MEASURE S - NOTICE OF SPECIAL TAX

El Dorado County, the City of South Lake Tahoe and the Tahoe Paradise Association formed a Community Facilities District Recreation Joint Powers Authority. The District held a Special Election on September 19, 2000. Measure S was submitted to the voters. The voters were asked if they were in support of incurring a bonded indebtedness of the District in a principal amount not to exceed \$6,500,000. The bonds would have a 30-year term, and the tax levy for a single family property would be \$18 per year, not to exceed 30 years. The money would be used to maintain new bike trails, acquire, construct and equip athletic fields, upgrade of Paradise Park facilities and construction of an ice rink. The voters voted in support of Measure S on September 19, 2000 by 69%.

The assessment will appear annually on property tax bills.

Attached is a copy of the Notice of Special Tax including Appendix A, Rate & Method of Apportionment of Special Tax.

NOTICE OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 2000-1 SOUTH LAKE TAHOE RECREATION FACILITIES JOINT POWERS AUTHORITY

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR ENTERING INTO A CONTRACT TO PURCHASE PROPERTY LOCATED WITHIN THE BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE SOUTH LAKE TAHOE RECREATION FACILITIES JOINT POWERS AUTHORITY (THE "DISTRICT").

(1) This property is subject to a special tax, which is in addition to the regular property taxes and any other charges, fees, special taxes and benefit assessments on the parcel. It is imposed on this property because more than two-thirds of the registered voters in District which voted in the duly noticed District-wide election authorized the special tax and the issuance of bonds by the District for certain recreational improvements serving the District. This special tax may not be imposed upon property outside of the District. If you fail to pay this tax when due each year, the property subject to the tax may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property. YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE FACILITIES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

(2) The maximum special tax which may be levied against this parcel to pay for public facilities each tax year is set forth in the attached Rate and Method of Apportionment of Special Taxes. The special tax will be levied each year until all of the authorized facilities are built and all special tax bonds are repaid, but in any case not after the 2030-31 tax year. The foregoing special tax may also be used to pay for ongoing service costs.

(3) The authorized facilities which are being paid for by the special taxes, and by the money received from the sale of bonds which are being repaid by the special taxes, are:

- (i) an enclosed building of approximately 38,000 square feet containing a regulation-sized ice skating rink for general public use and support facilities;
- (ii) four new athletic fields and support facilities, including but not limited to parking, restrooms, and spectator seating and amenities to be located on or adjacent to the campus of Lake Tahoe Community College; and
- (iii) public recreation facilities located on property owned by the Resort Improvement District.

These facilities may not yet have all been constructed or acquired, and it is possible that some may never be constructed or acquired. In addition, the special taxes may be used to pay for costs of the following services:

The District will use Special Taxes collected in excess of amounts required to pay Administrative Expenses and debt service on the Bonds to pay annual costs of maintenance of the Facilities and for the maintenance of certain bicycle trails located in the District which are owned and operated by the City and County.

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION WHICH AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND WHICH SPECIFIES HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE CITY CLERK OF THE CITY OF SOUTH LAKE TAHOE BY CALLING (530)542-6004. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE-REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE:

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE SOUTH LAKE TAHOE RECREATION FACILITIES JOINT POWERS AUTHORITY

I. Overview

This Rate and Method of Apportionment of Special Tax has been prepared for Community Facilities District No. 2000-1 of the South Lake Tahoe Recreation Facilities Joint Powers Authority (the "District"). The District will issue bonds and annually levy a Special Tax to finance the acquisition, construction, improvement, rehabilitation, equipping, and maintenance of certain public facilities within the boundaries of the District and to pay certain incidental expenses.

The Special Tax will be levied by the District for 30 fiscal years, beginning with the first fiscal year after Bonds are first issued by the District, or such earlier fiscal year as the Governing Board of the South Lake Tahoe Recreation Facilities Joint Powers Authority (the "JPA") may determine. It is estimated that the Special Tax will be levied for the first time for the 2001-02 fiscal year.

II. Definitions

The terms hereinafter used have the following meanings:

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, Title 5 of the California Government Code.

"**Administrative Expenses**" means all costs associated with the creation of the District and the JPA, the issuance and administration of Bonds, and the determination, levy, and collection of the Special Tax, and any other costs incurred to carry out the authorized purposes of the District and to administer the District and the JPA.

"**Annual Cost**" means the amount necessary in any Fiscal Year (1) to pay debt service on Bonds in a timely manner, (2) to create or replenish debt service reserve funds, (3) to cure any delinquencies in the payment of debt service on Bonds that occurred in any prior Fiscal Year or are expected to occur in the Fiscal Year in which the Special Tax will be collected, (4) to pay for Facilities and Services, and (5) to pay Administrative Expenses.

"**Assessor Parcel**" or "Parcel" means a lot or parcel within the District assigned with an Assessor's Parcel number.

"**Bonds**" means the bonds or other debt (as defined in Section 53317(d) of the Act) issued by the District under the Act.

"**City**" means the City of South Lake Tahoe.

"**County**" means the County of El Dorado.

"**Developer**" means the owner of a Parcel upon which a Time Share Unit physically resides.

"**Facilities**" means the facilities authorized to be financed by the District, as set forth in the resolution of the JPA Board establishing the District, including facilities to be owned or operated by entities other than the District or the JPA.

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

"**JPA**" means the South Lake Tahoe Recreation Facilities Joint Powers Authority.

"**JPA Board**" means the Governing Board of the JPA.

"**Maximum Special Tax Rate**" means the maximum amount of Special Tax per unit or Parcel that can be levied in any Fiscal Year.

"**Parent Parcel**" means the underlying Parcel upon which a Time Share Unit physically resides.

"**Services**" means the services authorized to be financed by the District, as set forth in the resolution of the JPA Board establishing the District, including services to be provided by entities other than the District or the JPA.

"**Special Tax**" means a Special Tax levied in any Fiscal Year to pay the Annual Cost.

"**Special Tax Revenues**" means the revenues that are generated from the Special Tax levied in any Fiscal Year.

"**Standard Time Share Interest**" means a Time Share Interest that represents 1/50th of the annual occupancy rights in a Time Share Unit.

"**Tax Exempt Parcel**" means any Parcel that is, or is intended to be, publicly owned and which is normally exempt from ad valorem taxes under California law.

"**Time Share Interest**" means a legally transferable interest in a Time Share Unit that (a) has been transferred at least once by the original Developer thereof to an owner other than such original Developer and (b) includes the right to occupy such Time Share Unit for a particular period of time on a periodic basis (but not including a Parent Parcel). Once a legally transferable interest in a Time Share Unit becomes a Time Share Interest, the subsequent acquisition of such

interest by a Developer shall not cause such legally transferable interest to lose its status as a Time Share Interest.

"Time Share Unit" means a residential unit for which (a) the right to occupy such unit is divided into specified periods of time on a periodic basis and (b) the right to occupy such unit for a particular period of time on a periodic basis is legally transferable.

III. The Maximum Special Tax Rates

The Special Tax shall be levied and collected on Assessor Parcels and Time Share Interests. The Special Tax shall not be levied against Tax-Exempt Parcels. However, if a Parcel that is subject to the Special Tax is acquired by a public entity, the Parcel shall continue to be subject to the Special Tax based on the use of such property at the time of acquisition by the public entity, as required by Section 53317.3 of the Act. It is expected that the Special Tax will be levied at the Maximum Special Tax Rates each Fiscal Year.

The Special Tax shall be levied against property in the District based on the use of such property, as further described below. The land uses shown below are described using the use codes designated in the County property tax system as of the date of District formation. If the County's property classification system is subsequently modified, the Special Tax shall nonetheless continue to be levied based on the use of property consistent with the County's property classification system as of the date of District formation.

For each Fiscal Year, the Special Tax shall be levied on taxable property in the District based on the use and characteristics (e.g., size, number of units, number of campground spaces) of such property as of the January 1 immediately prior to such Fiscal Year. So long as the existing property classification system is employed by the County, the use of property shall be determined by the use codes assigned to property as of the applicable January 1; provided, however, that if the use code assigned to any particular property is incorrect, then the District may levy the Special Tax against such property based on the actual use of the property rather than based on the use of the property suggested by the incorrect use code. Taxpayers may appeal their use of property classification based on the appeals system discussed later in this Rate and Method.

On or before August 1 of each Fiscal Year, or such earlier date as required by the Auditor-Controller of the County, the JPA shall prepare or cause to be prepared a special tax report. The special tax report will provide the information needed so that the Special Tax can be levied and collected in the same manner and at the same time as ad valorem property taxes.

Residential Uses

The Maximum Special Tax Rates for property used for residential use shall be as follows (on a per unit basis):

Use Code Rate	Type	Maximum Special Tax
11, 14, 15	Single Family/Condo	\$18.00
12	2/3 unit multi-family	18.00
13	4+ unit multi-family	14.40
35	Mobile home parks	14.40
22, 23	Improved Rural Residential	18.00
00, 24, 25	Vacant residential	18.00

Any other vacant residential Parcel shall be subject to a Maximum Special Tax Rate of \$18.00 per Parcel.

Commercial Uses

The Maximum Special Tax Rates for property used for commercial use shall be as follows (on a per Parcel basis):

Use Code	Type	Maximum Special Tax Rate
46	Professional Office	
	Parcel less than .20 acres	\$108.00
	Parcel .20 acres to .45 acres	216.00
	Parcel more than .45 acres but not than .75 acres	324.00
	more than .75 acres	432.00
48	Parcel less than .35 acres	108.00
	Parcel .35 acres to .70 acres	216.00
	Parcel more than .70 acres but not more than 2.00 acres	324.00
	Parcel more than 2.00 acres but not more than 5.00 acres	432.00
	Parcel more than 5.00 acres	540.00
31	Improved commercial	36.00
34	Service Stations	108.00
39	Supermarkets	2,700.00
36	Retail Parcels under 5,000 Square Feet	108.00
37	Retail Parcels of 5,000 to 15,000 Square Feet	360.00
38	Retail Parcels over 15,000 Square Feet	
	Parcels less than 2.5 acres	1,260.00
	Parcels of 2.5 to 5.00 acres	2,700.00
	Parcels more than 5.00 acres but not more than 10.00 acres	3,600.00
	Parcels more than 10.00 acres	4,500.00
65	Restaurants	54.00
67	Bars/tavern	108.00
30	Vacant commercial	18.00

Visitor Uses

The Maximum Special Tax Rates for property used for visitor use shall be as follows:

Hotel / Motel (Use Code 33)- \$7.00 per unit.

Time Share Interest (Use Code 80) - \$1.00 per Time Share Interest; provided, however, that if a Time Share Unit is divided into fewer than 50 Time Share Interests per year, then the Maximum Special Tax Rate for each Time Share Interest for such Time Share Unit shall be the amount

necessary to achieve the amount of Special Tax Revenues per year that would result if such Time Share Unit were divided into Standard Time Share Interests.

Industrial Uses

The Maximum Special Tax Rates for property used for industrial use shall be as follows (on a per Parcel basis):

Use Code	Type	Maximum Special Tax Rate
41	Improved industrial ~ Parcels less than .45 acres	\$72.00
42	Parcels .45 to 1.50 acres	90.00
43	Parcels more than 1.50 acres	108.00
45	Mini-storage	36.00
	Warehouses	36.00
40	Light manufacturing Parcels less than 1.00 acre	72.00
	Parcels 1.00 to 1.50 acres	144.00
	Parcels more than 1.50 acres	192.00
	Vacant industrial	18.00

Recreational Uses

The Maximum Special Tax Rates for property used for recreational use shall be as follows (on a per Parcel basis, except for Campgrounds~ which shall be on the basis of the number of campground spaces).

Use Code	Type	Maximum Special Tax Rate
3	Improved recreational	\$36.00
63	Campgrounds	3.60
68	Marinas	1,260.00
64	Ski areas	4,500.00

If a particular marina or ski area resides on more than one Parcel, then the aggregate Maximum Special Tax Rate for such marina or ski area shall be as specified above, regardless of how many separate Parcels comprise such marina or ski area. The aggregate Special Tax for such marina or ski area shall be spread among the various Parcels that comprise such marina or ski area in proportion to the assessed value of each such Parcel to the aggregate assessed value of all such Parcels, or in such other manner as approved by the JPA.

IV. Manner of Collection and Application of Special Tax Revenue

The Special Taxes shall be collected in the same manner and at the same time as ad valorem property taxes. The District may also directly bill the Special Tax in any Fiscal Year, may collect Special Taxes at a different time or in a different manner and may collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax Revenues collected each fiscal year by the District shall be used to pay for the Annual Costs of the District. If the revenue generated from the Maximum Special Tax exceeds the Annual Costs, the District may adjust the rates downward by an equal percentage for each land use for that Fiscal Year. The amount of Special Tax Revenues to be collected shall be offset by funds on hand as of July 1 of each Fiscal Year which are pledged or otherwise made available for any of the purposes for which the Special Tax may be levied.

Except as may otherwise be required by a bond indenture, fiscal agent agreement, or other instrument pursuant to which Bonds are issued, the priority for use of Special Tax Revenues shall be as follows:

- (1) To pay for the portion of Administrative Expenses related to the costs for determination, levy, and collection of the Special Tax;
- (2) To pay debt service on Bonds, including delinquencies;
- (3) To create or replenish debt service reserve funds;
- (4) To pay for Facilities and Services; and
- (5) To pay other Administrative Expenses.

V. Appeals and Interpretation Procedure

Any owner of a Parcel or Time Share Unit that feels that the amount of the Special Tax levied against such Parcel or Time Share Unit is in error may file an application with the Chief Administrative Officer of the County (County CAO) contesting the amount of such Special Tax. The application for appeal must be filed by January 1 of the Fiscal Year for which the Special Tax in question has been levied. The County CAO or his or her appointees (including any outside consultants) shall promptly review the application and, if necessary, meet with the applicant. If the findings of the County CAO verify that the Special Tax should be modified or changed, a recommendation to the JPA will be made. As appropriate, the Special Tax levy shall be corrected and, if applicable, a refund shall be granted. If the County CAO denies the application, the applicant may appeal that determination, within 14 days of the mailing of notification of denial, to the JPA under such procedures as the JPA shall establish. The determination of the JPA on the appeal shall be final for all purposes. The filing of an application or an appeal shall not relieve the property owner of the obligation to pay the Special Tax when

due. Interpretations may be made by resolution of the JPA Board for purposes of clarifying any vagueness or ambiguity as it relates to any of the terms or provisions of this Rate and Method of Apportionment.