

WASHOE COUNTY TREASURER
TAMMI DAVIS

FRANCES FINCH
ASSISTANT CHIEF DEPUTY
JILL S. COMBS
DEPUTY TREASURER
LAURIE INGRAHAM
DEPUTY TREASURER
LINDA JACOBS
DEPUTY TREASURER

August 26, 2011

North Lake Tahoe Fire Protection District
Attn: Sharon Carey
866 Oriole Way
Incline Village NV 89452

Re: Incline Village/Crystal Bay – Court Ordered Refunds

Dear Ms. Carey,

As you are aware, on July 7, 2011, the Nevada Supreme Court denied Washoe County's appeal of a lower court's decision that ordered the County Treasurer to pay refunds, with interest, to approximately 8,700 Incline Village/Crystal Bay residential taxpayers, based upon the Washoe County Board of Equalization's 2006 decision to roll back the taxpayers' 2006-07 property tax valuations to 2002-03 levels.

Subsequently, on August 23, 2011, the Washoe County Board of County Commissioners approved a resolution finding that refunds of certain property tax payments are due, directing the treasurer to make such refunds, directing that subsequent apportionments of revenues from property tax to the other taxing units in the county which levied a tax represented in the combined tax rate be withheld, and directing the treasurer to keep a list of refunds. The commission also took separate action approving the payment of the court-ordered interest on those refunds by withholding a proportionate share of the interest paid from the future allocations of property tax revenues to other affected taxing districts in the county which levied a tax represented in the combined tax rate.

As a result of these actions, I will begin making refunds and interest payments shortly, and will be reporting to you, with each distribution of real property taxes, the resulting amounts withheld as your entity's share.

I have informed the commission, and want to make you aware, that while we are projecting an 18 month timeline for the refunds, it may take longer. The actual amount of the total liability will not be known until all the adjustments are completed for each of the affected parcels. I have requested additional staffing

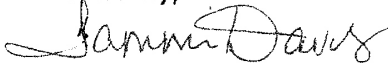
resources in order to accomplish this task as quickly as possible, and to help minimize the accruing interest costs. We will be providing regular updates to the commission regarding refunds made. This same information will be available on our webpage at:

<http://www.washoecounty.us/treas/Inclinevillage/crystalbaytaxrefundinformation.htm>, - click on the Current Status Report link.

At this point, our best estimate is that the refund liability could exceed \$43 million overall, including taxes and interest. The North Lake Tahoe Fire Protection District's share of that amount is approximately \$6.5 million. Again, I emphasize that this is only an estimate.

It is my hope that this information will prove helpful as you work to manage the fiscal impact that these refunds will have. Please contact me if you have any questions. We will do our best to provide whatever information you may need for reporting purposes. If there is something specific that you require, please let me know as soon as possible.

Sincerely,

A handwritten signature in cursive script that reads "Tammi Davis".

Tammi Davis
Washoe County Treasurer