

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2023**NEW ISSUE-FULL BOOK ENTRY****NOT RATED**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2023 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2023 Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$ _____ *

**COUNTY OF EL DORADO
COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CARSON CREEK)
SPECIAL TAX BONDS SERIES 2023**

Dated: Date of Delivery**Due: September 1, as shown below**

The bonds captioned above (the "2023 Bonds"), are being issued by the County of El Dorado (the "County") by and through its Community Facilities District No. 2014-1 (Carson Creek) (the "District"). The 2023 Bonds are special tax obligations of the County, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Act"), and will be issued pursuant to a Supplemental Agreement No. 2 to Fiscal Agent Agreement, dated as of November 1, 2023, which supplements a Fiscal Agent Agreement dated as of September 1, 2016 and a 2018 supplement thereto (collectively, the "Fiscal Agent Agreement") by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). See "THE BONDS – Authority for Issuance." The 2023 Bonds are being issued to (i) finance certain capital improvements authorized for the District, (ii) increase the amount in a reserve fund, (iii) fund capitalized interest on the 2023 Bonds through September 1, 2024, and (iv) pay the costs of issuance of the 2023 Bonds. Interest on the 2023 Bonds is payable semiannually on September 1 and March 1, commencing March 1, 2024.

The 2023 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX F – THE BOOK-ENTRY SYSTEM."

The 2023 Bonds will be secured on a parity basis with outstanding special tax bonds issued for the District in 2016 in the original amount of \$12,850,000 (the "2016 Bonds") and in 2018 in the original amount of \$20,000,000 (the "2018 Bonds" and together with the 2016 Bonds and the 2023 Bonds, the "Bonds"). The County may issue additional parity bonds only for refunding purposes.

The Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) derived from Special Taxes (as defined herein) to be levied by the County on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, subject to the conditions of the Fiscal Agent Agreement, all as more fully described herein. Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so. The 2023 Bonds are also secured by amounts in a parity reserve fund established for the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Property in the District subject to the Special Tax comprises approximately 264 gross acres being developed by Lennar Homes of California, LLC ("Lennar Homes") into 1,055 age-restricted single family residential homes and 4 acres of multi-family use expected to become an assisted living facility. Sales of homes commenced in 2016, and the development is now mostly built-out. As of August 1, 2023, 930 out of the planned 1,055 homes had been sold and closed to individual homeowners, 55 homes were under construction, with 22 planned homes were under contract for sale to individual homeowners. In 2022, Lennar Homes had sold 145 lots to AG EHC II (LEN) CA 1, L.P. (the "Land Bank") with the option for Lennar Homes to purchase those lots over time. Of the 85 planned homes not yet conveyed to individual homeowners, the Landbank owns _____ lots and Lennar Homes owns the balance. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

The 2023 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS – Redemption."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS DO NOT CONSTITUTE A DEBT OF THE COUNTY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS," SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the 2023 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the 2023 Bonds.

The 2023 Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, as Disclosure Counsel, and Stradling, Yocca, Carlson & Rauth, Newport Beach, California, as counsel to the Underwriter. It is anticipated that the 2023 Bonds will be available for delivery through the facilities of DTC on or about November ____, 2023.

[Stifel logo]

The date of this Official Statement is _____, 2023

* Preliminary, subject to change.

MATURITY SCHEDULE

\$_____ Serial 2023 Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> <u>()</u>
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\$_____ % Term Bond Due September 1, _____; Price: _____%; Yield: _____%; CUSIP: _____
\$_____ % Term Bond Due September 1, _____; Price: _____%; Yield: _____%; CUSIP: _____

† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Fiscal Agent or the Underwriter take any responsibility for the accuracy of the CUSIP data.

COUNTY OF EL DORADO, CALIFORNIA

Board of Supervisors

John Hidahl, District No. 1
George Turnboo, District No. 2
Wendy Thomas, District No. 3
Lori Parlin, District No. 4
Brooke Laine, District No. 5

County Officials

Jon DeVille, Assessor
Joe Harn, Auditor-Controller
K.E. Coleman, Treasurer-Tax Collector

County Staff

Tiffany Schmid, Chief Administrative Officer
David A. Livingston, County Counsel

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

District Administrator

NBS Government Finance Group
Temecula, California

Appraiser

Integra Realty Resources - Sacramento
Rocklin, California

Fiscal Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2023 Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the County or the Developer, in any press release and in any oral statement made with the approval of an authorized officer of the County or the Developer, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements.” Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the County since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations in connection with the offer or sale of the 2023 Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2023 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. All summaries of the documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

\$ _____ *

COUNTY OF EL DORADO
COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CARSON CREEK)
SPECIAL TAX BONDS SERIES 2023

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the County of El Dorado (the “**County**”) by and through its Community Facilities District No. 2014-1 (Carson Creek) (the “**District**”) of the bonds captioned above (the “**2023 Bonds**”).

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Definitions of certain terms used herein and not defined herein have the meaning set forth in the Fiscal Agent Agreement.

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2023 Bonds to potential investors is made only by means of the entire Official Statement.

The District. On January 27, 2015, the Board of Supervisors adopted Resolution No. 016-2015 (the “**Resolution of Formation**”), which formed the District and followed a Resolution of Intention adopted December 16, 2014. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$50,000,000 at a special election in the District held on the same day. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District at any point during the 90-day period preceding the adoption of the Resolution of Formation, the qualified electors entitled to vote in the special election consisted solely of Lennar Homes of California, Inc., a California corporation, which entity has been succeeded by Lennar Homes of California, LLC, a California limited liability company (“**Lennar Homes**”), the only eligible landowner/voter in the District at that time. Lennar Homes voted to incur the indebtedness and to approve the annual levy of Special Taxes to be collected within the District, for the purpose of paying for the Facilities, including repaying any indebtedness of the District, replenishing the Reserve Fund and paying the administrative expenses of the District. The first series of Bonds was issued on September 15, 2016, in the aggregate amount of \$12,850,000 (the “**2016 Bonds**”) and the second series of Bonds was issued on February 22, 2018, in the aggregate amount of \$20,000,000 (the “**2018**”).

* Preliminary; subject to change.

Bonds). See “THE DISTRICT” herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” below.

Authority for Issuance. The 2023 Bonds are issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, *et seq.*, of the Government Code of the State of California) (the “**Act**”) and pursuant to a Supplemental Agreement No. 2 to Fiscal Agent Agreement, dated as of November 1, 2023, which supplements a Fiscal Agent Agreement dated as of September 1, 2016 and a Supplemental Agreement No. 1 to Fiscal Agent Agreement, dated as of February 1, 2018 (collectively, the “**Fiscal Agent Agreement**”) by and between the County and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as fiscal agent (the “**Fiscal Agent**”) and Resolution No. _____-2023 (the “**Resolution**”) adopted on _____, 2023 by the Board of Supervisors of the County (the “**Board of Supervisors**”), which authorized the issuance of the 2023 Bonds payable from Special Taxes (as defined herein) levied on property within the District according to a methodology approved by the County. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Bond Terms. The 2023 Bonds will be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page of this Official Statement. Interest on the 2023 Bonds is payable on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2024. The 2023 Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

Registration of Ownership of 2023 Bonds. The 2023 Bonds will be issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”). Ultimate purchasers of 2023 Bonds will not receive physical certificates representing their interest in the 2023 Bonds. So long as the 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the 2023 Bonds. Payments of the principal, premium, if any, and interest on the 2023 Bonds will be made directly to DTC, or its nominee, Cede & Co. so long as DTC or Cede & Co. is the registered owner of the 2023 Bonds. Disbursements of such payments to DTC’s Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX F – THE BOOK-ENTRY SYSTEM.”

Use of Proceeds. Proceeds of the 2023 Bonds will primarily be used to reimburse Lennar Homes for the costs of constructing and installing public facilities and/or development impact fees authorized to be financed by the Special Taxes (the “**Facilities**,” as described herein). The Facilities consist generally of roadway and transportation improvements, intersection and signal improvements, sanitary sewer systems, drainage systems, potable water systems, landscaping improvements, development impact fees, and other infrastructure improvements necessary for development of property within the District, as well as park and open space improvements (which include environmental mitigation costs). See “THE FACILITIES.” Proceeds of the 2023 Bonds will also be used to increase the amount in the parity Reserve Fund (described below) available for payment on the Bonds, to pay interest on the 2023 Bonds through September 1, 2024, and to pay cost of the issuance of the 2023 Bonds.

Source of Payment of the 2023 Bonds. The Board of Supervisors covenanted to annually levy special taxes on the property in the District (the “**Special Taxes**”) which began in fiscal year 2016-17 in accordance with the Rate and Method of Apportionment for County of El Dorado Community Facilities District No. 2014-1 (Carson Creek) (as amended, including an

amendment effective November 2017 to adjust an acreage tax to a per unit tax, the “**Rate and Method**”). The Rate and Method is attached as APPENDIX A to this Official Statement. The 2016 Bonds, 2018 Bonds and 2023 Bonds and any Additional Bonds (as defined herein, and, collectively, the “**Bonds**”) are secured by and payable from a first pledge of the “**Special Tax Revenues**,” which means the proceeds of the Special Taxes received by the County, including any scheduled payments thereof, interest 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 interest (but not including any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure). Special Taxes are the special taxes levied by the County within the District pursuant to the Rate and Method under the Act, an ordinance of the Board of Supervisors and the Fiscal Agent Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology” and “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Pursuant to the Act, the Resolution of Formation, and the Fiscal Agent Agreement, so long as any Bonds are outstanding, the County will annually levy the Special Tax against all land within the District that is taxable under the Act and the Rate and Method in accordance with the proceedings for the authorization and issuance of the Bonds and to make provision for the collection of the Special Tax in amounts which will be sufficient to pay interest on, principal of and redemption premium (if any) on the Bonds as such becomes due and payable and to replenish the Reserve Fund (as defined herein) as necessary. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Taxes.”

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of any of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the real property on which the Special Tax is delinquent. The unpaid Special Taxes are not required to be paid upon sale of property within the District.

Additional Bonds. The maximum authorized indebtedness for the District is \$50 million; the 2023 Bonds are the third series of bonds being issued for the District. The County may only issue additional bonds secured on parity with the Bonds (“**Additional Bonds**”) as refunding bonds to achieve debt service savings.

Reserve Fund. Under the Fiscal Agent Agreement, the Fiscal Agent has established a parity Reserve Fund (the “**Reserve Fund**”) for all series of the Bonds, which will be increased at the time of issuance of the 2023 Bonds to the amount of the Reserve Requirement (defined herein), which amount is available to be transferred to the Bond Fund in the event of delinquencies in the payment of the Special Taxes, to the extent of such delinquencies. The Reserve Fund is required to be maintained at the Reserve Requirement from moneys available under the Fiscal Agent Agreement in order to further secure the payment of principal of and interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Parity Reserve Fund.”

Covenant to Foreclose. The County has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against parcels with delinquent installments of the Special Taxes in certain circumstances. For a more detailed description of the foreclosure covenant see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

Property Subject to the Special Tax. The land in the District is under development as a residential community within the County’s Carson Creek Specific Plan (“**CCSP**”) area. Property in the District subject to the Special Tax comprises approximately 264 gross acres being developed by Lennar Homes into 1,055 age-restricted single family residential homes and 4 acres of multi-

family use expected to become an assisted living facility. Sales of homes commenced in 2016, and the development is now mostly built-out. As of August 1, 2023, 930 out of the planned 1,055 homes had been sold and closed to individual homeowners, 55 homes were under construction, with 22 planned homes were under contract for sale to individual homeowners. In 2022, Lennar Homes had sold 145 lots to AG EHC II (LEN) CA 1, L.P. (the “**Land Bank**”) with the option for Lennar Homes to purchase those lots over time. Of the 85 planned homes not yet conveyed to individual homeowners, the Landbank owns _____ lots and Lennar Homes owns the balance. See “THE DISTRICT” and “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT.”

Assessed Valuation of Taxable Property and Value-to-Lien Ratio. The Fiscal Year 2023-24 County assessed valuation (the “**Assessed Valuation**”) for the taxable property in the District was \$502,370,260. This includes certain property that remains owned by Lennar Homes and the Land Bank that is still developing. Based on aggregate principal amount of Bonds of \$38,620,000* (consisting of the 2016 Bonds, 2018 Bonds, and 2023 Bonds), the aggregate ratio of the estimated total Assessed Valuation to the principal amount of Bonds is approximately 13:1*. See “ASSESSED VALUATION OF PROPERTY WITHIN THE DISTRICT”

Risks of Investment. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the 2023 Bonds.

Limited Obligation of the County. The general fund of the County is not liable and the full faith and credit of the County is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the 2023 Bonds. The 2023 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the County or any of its income or receipts, except the money in the Special Tax Fund and the Reserve Fund established under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the 2023 Bonds is a general debt, liability or obligation of the County. The 2023 Bonds do not constitute an indebtedness of the County within the meaning of any constitutional or statutory debt limitation or restrictions and neither the Board of Supervisors, the County nor any officer or employee thereof are liable for the payment of the interest on or principal of or redemption premiums, if any, on the 2023 Bonds other than from the proceeds of the Special Taxes and the money in the Special Tax Fund, as provided in the Fiscal Agent Agreement.

Summary of Information. Brief descriptions of certain provisions of the Fiscal Agent Agreement, the 2023 Bonds and certain other documents are included herein. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions, copies of which are available for inspection at the office of the Auditor-Controller of the County. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors’ rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the District since the date hereof.

* Preliminary; subject to change.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

THE 2023 BONDS

Authority for Issuance

The 2023 Bonds are issued pursuant to the Fiscal Agent Agreement, approved by the Resolution adopted by the Board of Supervisors, and the Act.

On January 27, 2015, the Board of Supervisors adopted Resolution No. 016-2015 (the “**Resolution of Formation**”), which formed the District and followed a Resolution of Intention adopted December 16, 2014. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$50,000,000 at a special election in the District held on the same day. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District during the 90-day period preceding the adoption of the Resolution of Formation, the qualified electors entitled to vote in the special election consisted solely of Lennar Homes, the only eligible landowner/voter in the District. Lennar Homes voted to incur the indebtedness and to approve the annual levy of Special Taxes to be collected within the District, for the purpose of paying for the Facilities, including repaying any indebtedness of the District, replenishing the Reserve Fund and paying the administrative expenses of the District. See “THE DISTRICT.”

Description of the 2023 Bonds

Bond Terms. The 2023 Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The 2023 Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

Interest on the 2023 Bonds will be payable semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2024. The principal of the 2023 Bonds and premium, if any, due will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2023 Bonds; provided that so long as any 2023 Bonds are in book-entry form, payments with respect to such 2023 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

Book-Entry Only System. The 2023 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), and will be available to ultimate purchasers under the book-entry system maintained by DTC. Ultimate purchasers of 2023 Bonds will not receive physical certificates representing their interest in the 2023 Bonds. So long as the 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the 2023 Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the 2023 Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the 2023 Bonds. Disbursements of such payments to DTC’s Participants is the responsibility of DTC and disbursements of such payments

to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX F – THE BOOK ENTRY SYSTEM."

Calculation and Payment of Interest. Interest on the 2023 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2023 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of 2023 Bonds; provided that so long as any 2023 Bonds are in book-entry form, payments with respect to such 2023 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See "APPENDIX F – BOOK ENTRY SYSTEM."

Each 2023 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Dated Date; provided, however, that if at the time of authentication of a 2023 Bond, interest is in default thereon, such 2023 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 2023 Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX F – THE BOOK ENTRY SYSTEM" below.

Redemption

Optional Redemption. The 2023 Bonds are subject to optional redemption from any source of available funds, other than prepayments of the Special Tax, prior to maturity at the option of the County, in whole, or in part among maturities selected by the County and by lot within a maturity, on any date on or after September 1, 20__, at the following respective redemption prices (expressed as percentages of the principal amount of the 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and thereafter	100

Mandatory Redemption From Prepayments. The 2023 Bonds are subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part among maturities on a pro rata basis among the 2023 Bonds and any series of Additional Bonds and by lot within a maturity, on any Interest Payment Date commencing March 1, 2024, at the following respective redemption prices (expressed as percentages of the principal amount of the 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
Interest Payment Dates to and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and Interest Payment Dates thereafter	100

Mandatory Sinking Fund Redemption. The Term 2023 Bonds maturing September 1, 20__ and September 1, 20__ are subject to mandatory sinking payment redemption in part on September 1, 20__ and September 1, 20__, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term 2023 Bonds of September 1, _____

Sinking Fund Redemption Date
(September 1)

Sinking Payments

Term 2023 Bonds of September 1, _____

Sinking Fund Redemption Date
(September 1)

Sinking Payments

The amounts in the foregoing tables will be reduced pro rata, in order to maintain substantially level debt service, as a result of any prior partial optional redemption or mandatory redemption of the 2023 Bonds.

Purchase In Lieu of Redemption. In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2023 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2023 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

Redemption Procedure by Fiscal Agent. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any 2023 Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing is not a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2023 Bonds.

Such notice will state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such 2023 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2023 Bonds will not accrue from and after the redemption date. The cost of mailing any such redemption notice and any expenses incurred by the Fiscal Agent in connection therewith shall be paid by the County.

The County shall have the right to rescind any notice of prepayment delivered by the Fiscal Agent prior to the date fixed for redemption.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2023 Bonds of any maturity or any given portion thereof, the Fiscal Agent will select the 2023 Bonds to be redeemed, from all 2023 Bonds or such given portion thereof not previously called for redemption, by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate; provided, however, that if 2023 Bonds are to be redeemed as a result of the prepayment of Special Taxes, 2023 Bonds shall be selected for redemption on a pro-rata basis among maturities. Upon surrender of 2023 Bonds redeemed in part only, the County will execute and the Fiscal Agent will authenticate and deliver to the registered Owner, at the expense of the County, a new Bond or 2023 Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption are deposited in the Bond Fund, such 2023 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of 2023 Bonds

So long as the 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2023 Bonds will be made in accordance with DTC procedures. See "Appendix F – THE BOOK ENTRY SYSTEM." Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond or Bonds are surrendered for transfer or exchange, the County will execute and the Fiscal Agent will authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount of 2023 Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the County. The Fiscal Agent will collect from the Owner requesting such transfer

any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2023 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2023 Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

ESTIMATED SOURCES AND USES OF FUNDS

A summary of the estimated sources and uses of funds associated with the sale of the 2023 Bonds follows:

Estimated Sources of Funds:

Principal Amount of 2023 Bonds	\$
[Plus/Less] [Net] Premium/Discount	
Total	<hr/>

Estimated Uses of Funds:

Deposit to Acquisition and Construction Fund	\$
Deposit to Reserve Fund	
Deposit to Capitalized Interest Account ⁽¹⁾	
Costs of Issuance ⁽²⁾	
Total	<hr/> \$

(1) Capitalized interest is being funded for the 2023 Bonds through September 1, 2024.

(2) Includes fees and expenses of bond and disclosure counsel, the Fiscal Agent, and the special tax consultant, administrative fees of the County, Underwriter's discount, printing costs, and other costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The 2023 Bonds are secured by and payable from a first pledge of “**Special Tax Revenues**” on a parity basis with the 2016 Bonds, 2018 Bonds and any Additional Bonds that may be issued in the future (which Additional Bonds are limited to bonds issued for refunding purposes). Special Tax Revenues are proceeds of the Special Taxes received by the County, including any scheduled payments or prepayments thereof, interest 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 interest, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure. Special Taxes are the special taxes levied by the County within the District under the Act, pursuant to the Rate and Method, an Ordinance of the Board of Supervisors of the County and the Fiscal Agent Agreement.

Pursuant to the Act, the Rate and Method, the Resolution of Formation, the Fiscal Agent Agreement and an Ordinance of the County, the County will annually levy the Special Taxes in an amount sufficient to pay the principal of and interest on the Bonds.

The Bonds are also secured by a first pledge of all moneys deposited in the Bond Fund and in the Reserve Fund established for the Bonds under the Fiscal Agent Agreement. Furthermore, on an annual basis, until disbursed as provided in the Fiscal Agent Agreement, the Bonds are secured by a first pledge of all moneys in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into such funds are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement, until all of the Bonds have been paid and retired or until moneys or Federal Securities (as defined in the Fiscal Agent Agreement) have been set aside irrevocably for that purpose.

Amounts to be transferred into the Administrative Expense Fund established under the Fiscal Agent Agreement are to be made on a subordinate basis to amounts necessary to be paid on the Bonds.

The Facilities financed with the proceeds of the 2023 Bonds are not in any way pledged to pay the debt service on any of the Bonds. Any proceeds of condemnation, destruction or other disposition of any such facilities are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

Special Taxes

The County has covenanted in the Fiscal Agent Agreement to comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the collection of delinquent Special Taxes through foreclosure proceedings. The Fiscal Agent Agreement provides that 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 times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay the Bonds. In addition, Section 53321(d) of the Act provides that

the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the Board of Supervisors through the application of the Rate and Method prepared by NBS, Temecula, California (the “**Special Tax Consultant**”), which is set forth in APPENDIX A. Interest and principal on the Bonds is payable from the annual Special Taxes to be levied and collected on taxable property within the District, from amounts held in the funds and accounts established under the Fiscal Agent Agreement (other than the Rebate Fund) and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

The Special Taxes are exempt from the property tax limitation of Article XIII A of the California Constitution, pursuant to Section 4 thereof, as a “special tax” authorized by a two-thirds vote of the qualified electors. The levy of the Special Taxes was authorized by the County pursuant to the Act in an amount determined according to the Rate and Method approved by the County as approved by a two-thirds vote of the qualified electors. See “– Special Tax Methodology” below and “APPENDIX A – Rate and Method of Apportionment.”

The amount of Special Taxes that may be levied in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates set forth as the annual “**Maximum Special Tax**” in the Rate and Method. Under the Rate and Method, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount, not in excess of the annual Maximum Special Tax. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Rate and Method apportions the Special Tax Requirement (as defined in the Rate and Method and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Rate and Method. See “– Special Tax Methodology” below. See also “APPENDIX A – Rate and Method of Apportionment.”

The County has covenanted to annually levy the Special Taxes in an amount at least sufficient to satisfy the Special Tax Requirement (as defined below). Because each Special Tax levy is limited to the annual Maximum Special Tax rates authorized as set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Special Tax Requirement will in fact be collected in any given year. See “SPECIAL RISK FACTORS — Collection of Special Taxes” herein. The Special Taxes are collected for the County by the District in the same manner and at the same time as ad valorem property taxes.

Special Tax Methodology

The Special Tax authorized under the Act applicable to land within the District will be levied and collected according to the tax liability determined by the County through the application of the appropriate amount or rate as described in the Rate and Method set forth in “APPENDIX A – Rate and Method of Apportionment.” Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Rate and Method. *The discussion below incorporates*

summaries of certain provisions of the Rate and Method, the complete text of which appears in APPENDIX A.

The Rate and Method provides that the Special Tax levy each fiscal year is calculated by first determining the “**Special Tax Requirement**” for the fiscal year. The Special Tax Requirement is defined in the Rate and Method to be the total required to (i) pay debt service which is due in the calendar year that commences in such fiscal year; (ii) pay periodic costs related to bonds; (iii) pay administrative expenses, (iv) pay amounts needed to establish or replenish any reserve funds; and (v) pay any amounts needed for pay-as-you-go expenditures eligible to be funded by the District to the extent that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property; (vi) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous fiscal year, less any credit from earnings on the Reserve Fund, less (vii) a credit for funds available to reduce the annual Special Tax levy.

Pursuant to the Rate and Method, the County will prepare a list of the County Assessor’s parcels based on the equalized tax rolls as of each January 1 (the “**Parcels**”). Such rolls reflect ownership of taxable parcels as of January 1 of each year. No Special Tax will be assigned to parcels classified as tax-exempt parcels, i.e., parcels that are, or are intended to be publicly owned and are exempt from the levy of general *ad valorem* property taxes, such as Public Property or a parcel for which the Special Tax has been prepaid in full. Certain privately owned parcels also may be exempt, including common areas owned by homeowner’s associations or property owner associations, wetlands, detention basins, water quality ponds and open space, as determined by the District administrator.

Each year, taxable parcels are divided into Developed Property (defined in the Rate and Method as being all Taxable Property in each Fiscal Year for which a Building Permit was issued on or before April 30 of the prior Fiscal Year), Final Map Property (defined in the Rate and Method as being all Taxable Property for which a Final Map has been recorded on or before April 30 of the prior Fiscal Year) or Undeveloped Property (defined in the Rate and Method as being all Taxable Property not classified as Developed Property or Final Map Property), and shall be subject to allocation of Special Taxes in accordance with the Rate and Method. See APPENDIX A.

The County will cause the Special Tax to be levied each Fiscal Year in an amount equal to the Special Tax Requirement by levying parcels in the following priority:

First: The Special Tax shall be levied on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for such Fiscal Year.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Final Map Property at up to 100% of the Maximum Special Tax for Final Map Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first and second step have been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property.

The Rate and Method provides that the funding of Facilities can also be made from collections of the Special Tax available as the “pay-as-you-go” component of Special Taxes. Under no circumstances can the Special Tax levied against any parcel for which an occupancy

permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner of any other parcel within the District by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. The stated 2014-15 annual Maximum Special Tax prescribed by the Rate and Method is increased annually at a rate of 2% per year.

The following table shows Fiscal Year 2023-24 Maximum Special Tax and actual Special Tax levy amounts.

Table 1
County of El Dorado
Community Facilities District No. 2014-1 (Carson Creek)
Fiscal Year 2023-24 Maximum Special Tax Rates and Levy Amounts

Phase	Property Width/ Acres	Residential Lots	2023/24 Maximum Special Tax Rates Per Unit/Acre ⁽¹⁾	2023/24 Maximum Special Tax Revenue	2023/24 Actual Special Tax Levy ⁽¹⁾
Unit 1	40.00 to 49.99	107	\$2,032	\$217,387	\$179,008
	50.00 to 59.99	90	2,271	204,360	168,282
	60.00 or Greater	<u>88</u>	2,510	<u>220,853</u>	<u>181,863</u>
	Subtotal	285		\$642,600	\$529,153
Unit 2	40.00 to 49.99	298	2,032	605,432	437,443
	50.00 to 59.99	165	2,271	374,661	270,703
	60.00 or Greater	<u>167</u>	2,510	<u>419,118</u>	<u>302,825</u>
	Subtotal	630		\$1,399,210	\$1,010,971
Unit 3					
Lot 4	N/A	140	1,745	244,276	201,152
Lot 7	4.07	<u>n/a</u>	12,548	<u>51,072</u>	<u>0</u>
	Subtotal	140		\$295,348	\$201,152
District Total		1,055		\$2,337,159	\$1,741,277

(1) For all phases of Unit 1, Unit 2 and Unit 3 Lot 4, the Maximum Special Tax is per Assessor's Parcel. For Unit 3 Lot 7, Maximum Special Tax is per Acre.

(2) Based on development status as of April 30, 2023 according to the definitions of the Rate and Method of Apportionment.
Source: NBS

Prepayment of Special Tax. Property owners may permanently satisfy the Special Tax obligation of a parcel by a cash settlement with the County as permitted under Government Code Section 53344. The procedure for permanently satisfying the Special Tax obligation is set forth in the Rate and Method. See APPENDIX A.

Pursuant to the Fiscal Agent Agreement, the County is required to transfer amounts received as prepayments of the Special Tax to the Fiscal Agent to be used to redeem Bonds or portions thereof. See "THE BONDS – Redemption."

In addition to payment of the Special Tax, the property owners within the District will also be obligated to pay *ad valorem* property taxes levied against such property, certain other taxes and assessments, and taxes and assessments to pay existing and any additional overlapping debt for which the property within the District may become obligated. See "ASSESSED VALUATION OF PROPERTY WITHIN THE DISTRICT – Overlapping Liens and Priority of Lien." The actual amount of these taxes, which may be levied or assessed in the future, will vary depending upon a number of factors, including the assessed value of the property within the District at such time, the actual amount of the Special Tax that is levied annually in the future and the existence of additional taxes and assessments levied in the future.

Levy of Annual Special Tax; Maximum Special Tax

The Act provides that the Special Tax shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* taxes. The County may deduct the reasonable administrative costs incurred in collecting the Special Tax. In the Resolution of Formation, the Board has reserved the right to utilize any method of collecting the Special Tax which it will from time to time determine to be in the best interests of the County. In the Fiscal Agent Agreement the County has covenanted for the Special Taxes to be levied annually on the *ad valorem* property tax bills prepared by the County Tax Collector for taxable parcels and to be collected in the same manner and, except with respect to foreclosure as provided below under “Delinquent Payments of Special Tax; Covenant for Foreclosure,” subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. The Fiscal Agent Agreement also authorizes the County to collect the Special Tax on an “as-needed” basis through direct billing to property owners.

Section 4701 et seq. of the California Revenue and Taxation Code authorizes counties, at their option, to adopt an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds specified therein (the “**Teeter Plan**”) to simplify the tax-levying and apportioning process and increase flexibility in the use of available cash resources. For so long as a Teeter Plan is in effect in a particular county, each entity levying property taxes of a class covered by such county’s Teeter Plan may draw on the uncollected taxes and assessments credited by the county to such entity’s fund following completion of the tax roll whether or not the amount credited has actually been collected. Penalties and collection costs, when received, will be credited to various County-maintained funds rather than to the participating levying entity.

The County has a Teeter Plan in effect with respect to the collection of the 1% base *ad valorem* property tax and with respect to general obligation bonds, but not with respect to special taxes or special assessments. The result is that the amount of the Special Tax that may be drawn upon by the District will be limited to actual collections credited to the Special Tax Fund (as defined herein) rather than amounts allocated to such fund in anticipation of collections as provided for with respect to Teeter Plan levies. For information concerning limits on *ad valorem* property taxes and the existence of other public and private debt encumbering property within the District, see “ASSESSED VALUATION OF PROPERTY IN THE DISTRICT – Overlapping Liens and Priority of Lien.”

Pursuant to the Fiscal Agent Agreement, the County is required, upon receipt of Special Taxes, to deposit such proceeds in the Special Tax Fund, which is held by the County. Moneys in the Special Tax Fund are to be disbursed, as received and as needed, as provided in the Fiscal Agent Agreement.

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

Bills for property taxes on the secured roll are mailed annually by the first of September. Such taxes are due in two installments, on November 1 and February 1 of each Fiscal Year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. Pursuant to Section 3691 of the California Revenue and Taxation Code, tax defaulted property not so redeemed within five years after it has become tax-defaulted becomes subject to sale by the County Tax Collector.

The Act provides the additional remedy of judicial foreclosure for delinquencies in the payment of a special tax for so long as debt secured by the special tax is outstanding. Pursuant to the Act, the Board may order the institution of a superior court action to foreclose the lien securing a delinquent Special Tax within four years after the due date of the last installment of the principal thereof. A judgment in such an action will include the amount of the delinquency for each parcel to be foreclosed, reasonable attorneys' fees, interest, penalties, and other authorized charges and costs and will order the parcel to be sold on execution as in other cases of the sale of real property by process of the court. Such judicial foreclosure action is not mandatory. However, the Board has covenanted for the benefit of the owners of the Bonds that the County Auditor-Controller will review the County's records in connection with the collection of the Special Tax not later than October 1 of each year to determine the amount of the Special Tax collected in the prior fiscal year. On the basis of such review, the County will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year by two thousand five hundred dollars (\$2,500) or more in order to enforce the lien of all such delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale, and on the further basis of such review, if the County determines that the total amount so collected is less than ninety-five per cent (95%) of the total amount of the Special Tax levied in such Fiscal Year, the County will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year to enforce the lien of all the delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California..

Pursuant to the Act, the property foreclosed upon may not be sold for less than the amount of the judgment in the foreclosure action (which may include reasonable attorneys' fees, interest, penalties, and other authorized charges and costs), plus post-judgment interest and authorized costs; provided, however, that the County may, based upon certain determinations set forth in the Act, waive delinquent penalties and redemption penalties.

The County has covenanted not to exercise rights under the Act to waive delinquency and redemption penalties related to, or to declare an amnesty program with respect to, such delinquency and redemption penalties related to the Special Taxes if to do so would materially and adversely affect the interests of the Bondholders. The County has further covenanted not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an independent certified public accountant that to accept such tender will not result in the County having insufficient Special Tax revenues to pay the principal of and interest on the Bonds that will remain outstanding following such tender.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds (if the Reserve Fund has first been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the County of the proceeds of sale. However, within the limits of the Rate and Method, the Board may adjust the Special Tax levied on all property within the District, subject to the annual Maximum Special Tax, to provide an amount required to pay interest on and principal of and minimum sinking fund payments for the Bonds, the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Reserve Requirement, and the amount required to pay all current annual expenses. There is, however, no assurance that the annual Maximum Special Tax, or that collections of the Special Tax at such annual Maximum Special Tax rates, will be at all times sufficient to pay the amounts required to be paid by the Fiscal Agent Agreement. See “- Limitations on Increases in Special Tax Levy” and “SPECIAL RISK FACTORS - annual Maximum Special Tax Rates.”

For residential property of four or fewer units, a period of 120 days must elapse after the property is levied upon and before the notice of sale of such parcel can be given (for other property the 120-day period may be shortened to 20 days). Furthermore, if the purchaser at the sale is the judgment creditor, i.e., the County, an action may be commenced by the delinquent property owner within 90 days after the date of sale to set aside such sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made. If the purchaser at the sale is other than the judgment creditor, the sale cannot be set aside.

No assurances can be given that the real property subject to foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the County to purchase or otherwise acquire any lot or parcel of property sold if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the County, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the County could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the County becomes the purchaser under a credit bid, the County must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Special Tax Enforcement and Collection Procedures. The County could receive additional funds for the payment of debt service through foreclosure sales of delinquent property, but no assurance can be given as to the amount of foreclosure sale proceeds or when foreclosure sale proceeds would be received. The County has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described in this Official Statement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

Foreclosure actions would include, among other steps, formal Board of Supervisors action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable Special Taxes and contacting secured lenders to obtain payment. If these efforts were

unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the County may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified for each category of property within the District. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology.” In addition, due to Section 53321(d) of the Act, the Rate and Method provides that the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See “SPECIAL RISK FACTORS.”

Parity Reserve Fund

In order to further secure the payment of principal of and interest on the Bonds, a Reserve Fund was established and is held by the Fiscal Agent pursuant to the Fiscal Agent Agreement. The amount on deposit in the Reserve Fund will be increased from proceeds of the 2023 Bonds to the amount of the “**Reserve Requirement**” for all three series of the Bonds, which as of any date of calculation is an amount equal to the least of (i) Maximum Annual Debt Service (as defined in the Fiscal Agent Agreement) on the Bonds, (ii) 125% of average Annual Debt Service (as defined in the Fiscal Agent Agreement) as of the date of issuance of the Bonds, or (iii) 10% of the initial offering price to the public of the Bonds. Separate reserve accounts for each series of Bonds are established within the Reserve Fund for accounting purposes. Upon the issuance of the 2023 Bonds, the Reserve Requirement for the Bonds will be \$_____.*.

If, at any time, the Reserve Fund is funded in whole or in part with cash, the County has the right to cause the Fiscal Agent to release funds from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent as a replacement: (1) a Qualified Reserve Account Credit Instrument, as defined in the Fiscal Agent Agreement, and (2) an opinion of Bond Counsel stating that such release will not, of itself, cause the portion of the proceeds of the Bonds designated as and comprising interest to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent, the Fiscal Agent will transfer such funds from the Reserve Fund to the County to be used for any authorized District purpose.

The County is required to maintain an amount of money, derived from available Special Tax collections, or other security equal to the Reserve Requirement at all times that the Bonds are outstanding. All amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming Bonds from the Bond Fund, or in the event of a prepayment of the Special Tax, as a credit in accordance with the Rate and Method. Whenever transfer is made from the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the County.

Whenever, on any Interest Payment Date, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent is authorized to transfer an amount equal to the excess

* Preliminary; subject to change.

from the Bond Fund, except that investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the Federal government to comply with rebate requirements.

Moneys in the Reserve Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment of moneys in the Reserve Fund will remain therein until the balance exceeds the Reserve Requirement.

Special Tax Fund

Pursuant to the Fiscal Agent Agreement, the County establishes a separate fund to be held by the Auditor-Controller, to the credit of which the Auditor-Controller is required to deposit all Special Tax Revenue received by the County. Moneys in the Special Tax Fund will be held by the Auditor-Controller for the benefit of the County and the Owners of the Bonds, will be disbursed as provided in the Fiscal Agent Agreement, as provided below, and, pending any disbursement, are subject to a first lien in favor of the Owners of the Bonds.

Disbursements. As soon as practicable after the receipt by the County of any Special Tax Revenues or the transfer of other amounts under the Fiscal Agent Agreement, the Auditor-Controller shall withdraw from the Special Tax Fund and transfer in the following order of priority:

- (i) to the Fiscal Agent for deposit in the Bond Fund, (a) an amount necessary to pay any principal or interest on the Bonds not paid when due, together with additional interest at the interest rate of the Bonds to the expected date of payment from the date such payment was due, plus (b) an amount, taking into account any amounts then on deposit in the Bond Fund for payment of the Bonds, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next two Interest Payment Dates with respect to Special Tax Revenues received during the period from September 1 through the last day of August in any calendar year in which the fiscal year commences, and on the next Interest Payment Date with respect to Special Tax Revenues received during the period from March 1 through the last day of August in any calendar year in which the fiscal year commences;
- (ii) to the Fiscal Agent an amount, taking into account amounts then on deposit in the 2016 Bond Reserve Account and the 2023 Bond Reserve Account of the Reserve Fund, so that the amount in the 2016 Bond Reserve Account and the 2023 Bond Reserve Account of the Reserve Fund equals the Reserve Requirement;
- (iii) provided any amounts needed for payment of the Bonds is sufficiently provided for, to the Administrative Expense Fund; and
- (iv) after the foregoing disbursements, on September 1 of each year, any moneys remaining in the Special Tax Fund shall be transferred to the Acquisition and Construction Fund and free of the pledge for payment of the Bonds.

Bond Fund

Moneys in the Bond Fund established pursuant to the Fiscal Agent Agreement will be held by the Fiscal Agent for the benefit of the Owners of the Bonds. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Auditor-Controller in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date. At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if

the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Bonds on the next Interest Payment Date.

On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds. In the event that amounts in the Bond Fund are insufficient for such purpose with respect to any Interest Payment Date, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make such payments, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any.

The County covenants in the Fiscal Agent Agreement to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Rate and Method and the Act) in accordance with the procedures set forth in the Rate and Method for the purpose of curing any Bond Fund deficiencies.

Acquisition and Construction Fund

Pursuant to the Fiscal Agent Agreement, the County established a separate fund held by the Auditor-Controller, known as the "County of El Dorado Community Facilities District No. 2014-1 (Carson Creek) Acquisition and Construction Fund," which fund is held and maintained in trust by the County, and all money remaining in the Special Tax Fund on September 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of the Fiscal Agent Agreement, shall be deposited by the County in the Acquisition and Construction Fund. All money in the Acquisition and Construction Fund shall be used and withdrawn by the County for the payment of costs of the acquisition and construction of the Facilities or otherwise in any manner for the benefit of the CFD in accordance with and as permitted by the Act.

No Additional Bonds Except for Refunding

The County may not issue bonds or other obligations secured on parity with the Bonds, other than to refund Bonds to provide debt service savings.

DEBT SERVICE SCHEDULE

Combined Annual Debt Service. The annual debt service on the Bonds, based on the interest rates and maturity schedule set forth on the cover of this Official Statement for the 2023 Bonds, and the outstanding amount of 2016 Bonds and 2018 Bonds, is set forth below.

County of El Dorado Community Facilities District No. 2014-1 (Carson Creek) Special Tax Bonds Debt Service 2016 Bonds, 2018 Bonds, and 2023 Bonds

Year Ending (Sept. 1)	2016 Bonds Debt Service	2018 Bonds Debt Service	2023 Bonds Principal	2023 Bonds Interest	2023 Bonds Total	Total Parity Debt Service
2024	\$629,806.26	\$1,112,437.50				
2025	640,506.26	1,134,837.50				
2026	655,906.26	1,155,837.50				
2027	665,281.26	1,180,437.50				
2028	679,681.26	1,203,437.50				
2029	693,081.26	1,229,837.50				
2030	710,481.26	1,249,437.50				
2031	721,681.26	1,276,562.50				
2032	736,506.26	1,301,481.26				
2033	754,656.26	1,324,081.26				
2034	766,906.26	1,311,681.26				
2035	783,406.26	1,298,681.26				
2036	799,006.26	1,282,762.50				
2037	813,706.26	1,266,481.26				
2038	831,831.26	1,249,837.50				
2039	848,862.50	1,231,900.00				
2040	864,800.00	1,216,700.00				
2041	884,000.00	1,195,900.00				
2042	901,400.00	1,179,700.00				
2043	917,000.00	1,162,900.00				
2044	935,800.00	1,145,500.00				
2045	952,600.00	1,129,250.00				
2046	972,400.00	1,106,750.00				
2047	--	2,078,250.00				
2048	--	2,079,000.00				
2049	--	--				
2050	--	--				
2051	--	--				
2052	--	--				
Totals						

Source: Underwriter.

Debt Service Coverage. The following table summarizes debt service coverage on the aggregate Bonds under the assumptions noted.

**County of El Dorado
Community Facilities District No. 2014-1 (Carson Creek)
Debt Service Coverage
2016 Bonds, 2018 Bonds, and 2023 Bonds**

Year Ending (Sept. 1)⁽¹⁾	Maximum Special Tax Revenue at Buildout ⁽²⁾⁽³⁾	2016/2018 Bonds Debt Service*	2023 Bonds Debt Service	Total Parity Debt Service*	Debt Service Coverage^{(3)*}
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
Totals					

* Preliminary, subject to change

(1) Maximum Special Taxes presented on a fiscal year basis ending June 30. Debt service presented on a bond year basis ending September 1.

(2) Total estimated Maximum Special Tax Revenue at Buildout for Fiscal Year _____ is \$_____ and increases at 2% annually.

(3) The special tax levy on residential property with a certificate of occupancy can only be increased by 10% due to delinquencies of another property owner. Consequently, the County cannot levy at the maximum annual special tax rates in all cases.

(4) The Fiscal Year 2023-24 special tax levy is \$1,741,277. The 2023 Bonds' debt service will be paid in part from capitalized interest through September 1, 2024.

Source: *The Underwriter and NBS.*

THE FACILITIES

Eligible Facilities

The 2023 Bonds will provide a funding source to reimburse Lennar Homes for certain costs related to the Facilities authorized to be financed by the District.

The Facilities eligible to be financed by the District are set forth in Exhibit A of the Resolution of Intention of the Board of Supervisors of the County of El Dorado to Form a Community Facilities District and Levy a Special Tax in Community Facilities District No. 2014-1 (Carson Creek) to Finance the Acquisition and Construction of Certain Public Facilities in and for such Community Facilities District (the “**Resolution of Intention**”), adopted by the Board of Supervisors of the County on December 16, 2014, in connection with the formation of the District, which include, but are not limited to: on-site and off-site roadway and transportation facilities, intersection and signal improvements, on-site and off-site sanitary sewer conveyance and collection facilities, storm drainage system improvements on-site and off-site water conveyance and storage facilities, landscaping improvements, park and trail improvements, and certain development impact fees including the El Dorado Hills Road Impact Fees (RIF), El Dorado Hills Community Services District Park Impact Fees, and El Dorado Irrigation District Facility Capacity Charge (Connection Fees).

Pursuant to a joint facilities agreement entered into with El Dorado Irrigation District and a joint facilities agreement entered into with El Dorado Hills Community Services District, the County has provided for utilizing funds generated by the District for payment of improvements to and fees for authorized water and park related facilities to be owned by such entities.

The Rate and Method provides that the funding of Facilities costs can also be made from collections of the Special Tax available as the “pay-as-you-go” component of Special Taxes, provided that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property.

THE DISTRICT

Formation of the District

On December 16, 2014, the Board of Supervisors adopted the Resolution of Intention to form a community facilities district under the Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Facilities and making contributions to certain public facilities. After conducting a noticed public hearing, on January 27, 2015, the Board of Supervisors adopted the Resolution of Formation, which established the District, set forth the Rate and Method for the District, and set forth the necessity to incur bonded indebtedness in a total amount not to exceed \$50,000,000. On the same day, an election was held within the District in which the only landowner/voter in the District, Lennar Homes, approved the proposed bonded indebtedness and the levy of the Special Tax. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

Carson Creek Specific Plan

The District comprises the second of two phases of the 710-acre Carson Creek Specific Plan ("CCSP") area. The CCSP area lies at the southwest corner of the El Dorado Hills community located west of Latrobe Road and south of White Rock Road. To the northeast is the major commercial center known as Town Center which is designed to reflect a traditional downtown with a main street, local and national retailers, restaurants and a wide variety of other offerings, all of which can be viewed online at <https://edhtowncenter.com>. The first phase of the CCSP, known as Euer Ranch, was developed by K. Hovnanian as an active adult community with 460 age restricted single family homes and a clubhouse. Euer Ranch is adjacent to but not part of this District, and is fully built out.

Location and Description of the District

The District comprises approximately 264 acres under development and expected to be developed at its conclusion into 1,055 age-restricted homes in gated neighborhoods, and approximately 4 acres zoned for multifamily use and planned as an assisted living facility. The District is located in the unincorporated community of El Dorado Hills, within a portion of the CCSP area, bordered by the Sacramento-El Dorado County Line to the west, the southern portion of the Euer Ranch project to the northwest, the El Dorado Hills Business Park to the northeast and east, and agricultural lands to the south. The District is approximately 23 miles east of the central business district of Sacramento and about 122 miles northeast of San Francisco. The nearest city is Folsom to the west. The area is south of and served by US Highway 50, a major east-west route of the U.S. Highway system, stretching just over 3,000 miles from West Sacramento, California to Ocean City, Maryland. Lake Tahoe is located 79 miles northeast of the District along Highway 50. North/south traffic in the immediate area is carried by Latrobe Road which becomes El Dorado Hills Boulevard north of Highway 50. The District's location near Highway 50 and at the foot of the Sierra foothills places it within a major economic and transportation activity corridor of the Sacramento region.

A District boundary map is shown on the following page.

[Reserved for boundary map]

Development in the District

Lennar Homes has provided the following information with respect to development within the District. No assurance can be given that all information is complete. No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. Although Lennar Homes currently expects to develop all the homes in the District, the ownership and development of the remaining undeveloped parcels is subject to change, the development plans outlined below may not be continued by a subsequent owner if the parcels are sold, although development by any subsequent owner will be subject to the CCSP, the Development Agreement described herein and the policies and requirements of the County. No assurance can be given that the plans or projections detailed below will actually occur.

Overview. Lennar Homes is a homebuilder and has been developing and selling all of the planned 1,055 homes in the District as a gated, active adult age restricted community. Initially, Lennar Homes planned to develop 1,059 homes. However, 4 lots were subsequently eliminated as a condition of obtaining the permits described below under “– Seasonal Wetlands Affecting Unit 2.”

Lennar Homes is developing the project in three phases, referred to as “Unit 1” (285 homes), “Unit 2” (630 homes), and “Unit 3” (140 homes). Sales of homes commenced in 2016 and construction of homes in Unit 1 and Unit 3 is complete. Construction in Units 2 is underway. As of August 1, 2023, 930 out of the planned 1,055 homes had been sold and closed to individual homeowners, 55 homes were under construction, with 22 planned homes under contract for sale to individual homeowners. In 2022, Lennar Homes sold 145 lots to the Land Bank with the option to purchase those lots back over time; to date all of the 4-lots per month sequential options have been exercised. See “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT – Lennar Homes and Participating Land Bank” herein.

Project amenities include two clubhouse and fitness centers, public and private parks, multi-use public trails, 180 acres of open space, and front yard landscape maintenance. The first 5,000 square foot clubhouse was completed in Unit 1, with resort-style amenities such as a pool, spa, and tennis and sports courts. A second approximately 10,000 square foot social clubhouse was completed in Unit 2, with meeting and activity rooms, a fitness center, pool/spa and a snack bar facility. The amenities are not subject to the Special Tax. The amenities and streets within the gated area are owned and maintained by a homeowners’ association. Homeowners’ association assessments are anticipated to be approximately [\$225] per month upon buildout.

Development Agreement. The property within the District was previously subject to a Development Agreement between Lennar Homes and the County, adopted by the Board of Supervisors of the County on February 24, 1998. The Development Agreement, which had a 20-year term, has now expired. Expiration of the Development Agreement has had no material impact on the development of land in the District because land use and development entitlements granted under the Development Agreement were consistent with the Carson Creek Specific Plan. All of the conditions of the Development Agreement have been satisfied, all of the planned 1,055 maps have received final maps; the only remaining approvals required of the County are building permits and certificates of occupancy.

Backbone and In-Tract Infrastructure. Lennar Homes has completed all backbone and in-tract infrastructure required to serve the property within the District.

Mapping and Entitlements. Property in the District is zoned and entitled for the contemplated residential development. Lennar Homes obtained an initial final map for the

development in August 2015; final maps have since been recorded for all of the 1,055 planned residential lots.

Utilities and Services. Public utilities, including electricity, natural gas, water and telephone service, are available to property in the District. The following are service providers for the District:

Fire:	El Dorado Hills County Water District (El Dorado Hills Fire District)
Police:	El Dorado County Sheriff's Department
Elementary:	Rescue Union School District/Buckeye Union School District
Intermediate:	Rescue Union School District/Buckeye Union School District
High School:	El Dorado Union High School District
Recreation and Parks:	El Dorado Hills Community Services District
Water and Sewer:	El Dorado Irrigation District
Electricity and Gas:	Pacific Gas & Electric
Telephone/Internet:	AT&T/Comcast

Construction and Sales in Progress and Projected. All of the home sales in the District are limited to those aged 55 and older. Additional details on each of the three units follows.

Unit 1 (285 homes). Unit 1 consists of 285 single-family lots ranging in size from approximately 4,725 to 6,825 square feet, marketed as the Heritage El Dorado Hills development. Construction of the homes in Unit 1 commenced in late 2015; all of the planned homes have since been completed and sold to individual homeowners.

Unit 2 (630 homes). All final maps for Unit 2 have been obtained. Model home construction in Unit 2 commenced in July 2018, and production home construction and sales began in September 2018, offering three product lines marketed as "Legends," "Mosaic" and "Estates." Construction and sales are ongoing, as shown in the table on the following page.

Unit 3, Lot 4 (140 homes). Unit 3, Lot 4 consists of 140 single-family lots, marketed as the Reflections El Dorado Hills development. Construction of the homes in Unit 3 commenced in July 2017; all of the planned homes have since been completed and sold to individual homeowners.

Unit 3, Lot 7 (Senior Living Facility). Lennar Homes sold "Lot 7," a 4-acre parcel in Unit 3 planned for a 134-unit assisted living facility to Westmont Development, LP on October 31, 2016. The property is now owned by El Dorado Hills Senior Living & Care, LP, a related entity of Westmont. Construction on the site has yet commenced and current plans to improve the site, if any, are unknown.

The following table provides marketing and sales activity for homes in the District.

Table 2
County of El Dorado Community Facilities District No. 2014-1 (Carson Creek)
Marketing Plan and Sales Activity Heritage at El Dorado Hills
As of August 1, 2023

Product	Units	Est. last Home Closings	Approx. No. of Floor Plans	Approx. Sq. Footage	Current Base Price Range	Planned Units	Building Permits /Home Starts	Completed Homes (Including Models)	Homes Under Construction	Homes Under Sales Contract	Closed Escrows	Remaining to Start
<u>Unit 1</u>												
Mosaic	108	Jan-19	4	1,230 - 1,784	Sold Out	108	108	108	0	0	108	0
Legends	103	Jan-19	5	1,813 - 2,576	Sold Out	103	103	103	0	0	103	0
Estates	74	Jan-19	5	2,405 - 2,993	Sold Out	74	74	74	0	0	74	0
Total Unit 1	285		14			285	285	285	0	0	285	0
<u>Unit 2</u>												
					\$603,990 -							
Mosaic	373	Dec-26	4	1,504 - 1,784	653,990	373	304	251	53	21	251	69
Legends	165	Sep-23	5	1,813 - 2,576	Sold Out	165	163	162	1	1	162	2
Estates	92	Aug-23	5	2,405 - 2,993	Sold Out	92	92	92	0	0	92	0
Total Unit 2	630		14			630	559	505	54	22	505	71
<u>Unit 3</u>												
Reflections	140	Aug-23	4	1,137 - 1,650	Sold Out	140	140	140	0	0	140	0
Total Unit 3	140		4			140	140	140	0	0	140	0
Total All	1,055		32			1,055	984	930	54	22	930	71

Source: Lennar Homes.

Water Availability. The El Dorado Irrigation District (“EID”), a special irrigation district created under California Water Code 20500 et seq., is the water and wastewater purveyor for the portion of the County of which the District is a part. EID is a separate entity from the County, governed by an independent elected board, which has adopted various policies concerning the provision of water service within the District. EID provides water service to developments in accordance with Regulation No. 2 “Water Supply Reliability” of its Rules and Regulations Governing the Distribution and Use of Water/Wastewater and Recycled Water. Section 2.4 of Regulation No. 2 states that EID will “endeavor to provide water supplies having a System Firm Yield (i.e., 95% of the time water will be delivered) greater than or equal to the normal, unrestricted, water demands of EID’s system.” In the remaining 5% of the time, shortages not to exceed 20% of demand annually will be allowed. These shortages would be met by varying levels of conservation (increasing from voluntary to mandatory) as outlined in the Attachment to Regulation No. 2, “EID’s 4-Stage Water Supply Matrix and Water Shortage Response Measures.”

In connection with its purchase of property in the District, Lennar Homes obtained an assignment of the 1,240 water and sewer connections previously pre-purchased by AKT Carson Creek Investors, LLC from EID, which assignment and continued availability of such connections has been confirmed to the County by EID. These pre-purchased connections cover the planned 1,055 homes in the District, and Lennar Homes indicates it does not anticipate any water availability issues.

Notwithstanding the foregoing, California is subject to drought from time-to-time, which could have a material adverse impact on the remaining development in the District. See “SPECIAL RISK FACTORS – California Drought Conditions.”

Seasonal Wetlands. No seasonal wetlands currently affect development in the District. Lennar previously entered into a Settlement Agreement with the U.S. Army Corps of Engineers, which did not extend to Unit 2, and an additional jurisdictional determination based on the reappearance of certain wetlands was required in order to develop Unit 2. Receipt certain permits resolved such outstanding jurisdictional and development issues and Unit 2 is currently built out.

Seismic Zone. According to the Seismic Safety Commission, the property in the District is located within Zone 3, areas of moderate seismic activity. However, Zone 3 is considered to be the lowest risk zone in California. In addition, the land is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 of the California Department of Conservation, Division of Mines and Geology.

Flood Zone. The properties in the District are located in Flood Zone X, described as areas outside the 100-year and 500-year flood plains. This information is according to the Federal Emergency Management Agency Flood Map, Community Panel No. 06017C, 0725E and 0950E, dated September 26, 2008.

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the property within the District. There is no assurance that the present property owners or any subsequent owners will have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay the Special Taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the County nor any Bond Owner will have the ability at any time to seek payment directly from the owners of property within the District of the Special Tax or the principal or interest on the Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

Lennar Homes has provided the information set forth in this section entitled “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT.” No assurance can be given that all information is complete. In addition, any Internet addresses included below are for reference only, and the information on those Internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement.

No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner, as described herein. The Special Taxes are not personal obligations of the developers or of any subsequent landowners; the Bonds are secured only by the Special Taxes and moneys available under the Fiscal Agent Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “SPECIAL RISK FACTORS” herein.

Overview; Individual Homeowners

Lennar Homes has been constructing and selling the 1,055 planned homes within the District. As of August 1, 2023, 930 homes were owned by individual homeowners, “Lot 7,” which is an approximately 4-acre parcel planned for an assisted living facility, was owned by El Dorado Hills Senior Living & Care, LP, and the remaining 125 parcels were owned by Lennar Homes or the land bank described below (with 54 homes under construction (22 of which were under contract), and 71 remaining to start).

Lennar Homes and Participating Land Bank

Lennar Homes is based in Irvine, California. Lennar Homes has been in the business of developing residential real estate communities in California since 1996. On February 1, 2022, Lennar Homes of California, Inc., a California corporation, was converted to a California limited liability company and is now known as Lennar Homes of California, LLC, a California limited liability company. All references herein to Lennar Homes prior to February 1, 2022 shall mean Lennar Homes of California, Inc. a California corporation, and all references herein to Lennar Homes on and after February 1, 2022 shall mean Lennar Homes of California, LLC, a California limited liability company.

The Land Bank Structure. In connection with a land banking transaction, on July 22, 2022 Lennar Homes transferred 145 lots in the District (the “**Land Bank Lots**”) to AG EHC II (LEN) CA 1, L.P., a Delaware limited partnership (the “**Land Bank**”). In connection therewith, Lennar Homes and the Land Bank entered into that certain Option Agreement, dated July 22, 2022 (the “**Lennar Option Agreement**”) whereby Lennar Homes has the option, but not the obligation, to purchase the Land Bank Lots from the Land Bank beginning on July 22, 2022 and extending through July 10, 2025 (unless sooner terminated pursuant to the Lennar Option Agreement). Lennar Homes is responsible for making special tax payments while the Lennar Option Agreement is in place. Under the Lennar Option Agreement, Lennar has the option to

take-down 4 lots each month during the option period until June 2025 and then 5 lots during the final month of the option period (July 2025); to date the sequential options have been exercised.

The Land Bank Owner. The Land Bank is an affiliate of, and managed by, Angelo Gordon & Co., L.P. (“**Angelo Gordon**”). Angelo Gordon is a privately-held alternative investment firm founded in 1988 and headquartered in New York, with associated offices across the United States, Europe and Asia. Angelo Gordon manages approximately \$52 billion across a broad range of credit and real estate strategies. Affiliates of the Land Bank have entered into land banking arrangements with Lennar Corporation and its affiliated entities on more than 200 residential development projects.

Lennar Homes. Lennar Homes is wholly-owned by U.S. Home, LLC, a Delaware limited liability company (“**U.S. Home**”). U.S. Home is wholly-owned by Lennar Corporation, which is based in Miami, Florida. Founded in 1954, Lennar Corporation completed its initial public offering in 1971 and listed its common stock on the New York Stock Exchange in 1972. Lennar Corporation’s Class A and Class B common stock are listed on the New York Stock Exchange under the symbols “LEN” and “LEN.B.” respectively. Lennar Corporation is one of the largest homebuilders in the United States based on home sales revenues and net earnings, and operates under a number of brand names, including Lennar Homes and U.S. Home. Lennar Homes primarily develops residential communities both within the Lennar Homes family of builders and through consolidated and unconsolidated partnerships in which Lennar Homes maintains an interest.

Lennar Corporation is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Lennar Corporation and its consolidated subsidiaries, including Lennar Homes, as of such dates.

The SEC maintains a website that contains reports, proxy and other information statements and other information regarding registrants that file electronically with the SEC, including Lennar Corporation. The address of such website is www.sec.gov. All documents filed by Lennar Corporation pursuant to the requirements of the Exchange Act after the date of this Periodic Report will be available for inspection in such manner as the SEC prescribes.

Copies of Lennar Corporation’s Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Lennar Corporation’s website at www.lennar.com. *The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Lennar Corporation and Lennar Homes are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter.*

El Dorado Hills Senior Living & Care

Lennar sold “Lot 7,” an approximate 4-acre parcel in Unit 3, to Westmont Development, LP on October 31, 2016; the property is now owned by El Dorado Hills Senior Living & Care, LP, a related entity. Westmont Development, LP is based in La Jolla, California and through related entities owns and operates 11 assisted living facilities in California and 2 in Oregon. The locations offer all or some of senior living options of independent living, assisted living, respite care and Alzheimer and dementia care. Lot 7 is planned for a 134-unit assisted living facility with 99 units of assisted living to be built in a first phase and the remainder in a second phase for memory care. No plans for development are known to the County at this time.

Lennar Homes Financing Plan

Lennar Homes acquired all of the taxable property in the District in 2013 using available cash, and the property currently owned by Lennar Homes in the District is not currently encumbered by acquisition or construction financing loans. Development of the residential lots and payment of the Special Taxes during development has been funded through available cash and/or lines of credit, which Lennar Homes may utilize through the end of the development process and final home sales. Lennar Homes no longer has any material amounts to expend on backbone or in-tract infrastructure; it is constructing the final homes in the project.

ASSESSED VALUATION OF PROPERTY WITHIN THE DISTRICT

The value of the land within the District is a critical factor in determining the investment quality of the 2023 Bonds. If a property owner defaults on the payment of the Special Tax, the County's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. A variety of economic, political, and natural occurrences incapable of being accurately predicted can affect land values. See "SPECIAL RISK FACTORS - Land Values."

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District, and the owners have made no commitment to pay the principal of or interest on the 2023 Bonds or to support payment of the 2023 Bonds in any manner. There is no assurance that the owners have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay such taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the County nor any Bondholder will have the ability at any time to seek payment from the owners of property within the District of any Special Tax or any principal or interest due on the 2023 Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

Historical Assessed Valuations

In connection with valuing property in the District, the County has obtained the Fiscal Year 2022-23 "full cash" assessed valuation of property in the District, which is shown in the following table, together with prior assessed valuations going back to Fiscal Year 2015-16. Development commenced in 2016 and is ongoing. Accordingly, the value added by some of the recent development in the District has not yet been reflected on the County tax roll.

Table 3
County of El Dorado
Community Facilities District No. 2014-1 (Carson Creek)
History of Aggregate Assessed Valuations

Fiscal Year	Land Value ⁽¹⁾	Structure Value ⁽¹⁾	Total Value ⁽¹⁾	% Change
2015/16	\$15,091,719	\$0	\$15,091,719	---
2016/17	29,134,175	1,811,000	30,945,175	105%
2017/18	49,759,896	49,122,357	98,882,253	220
2018/19	64,562,575	91,914,826	156,477,401	58
2019/20	75,706,956	103,952,688	179,659,644	15
2020/21	102,326,491	176,529,174	278,855,665	55
2021/22	121,872,164	242,367,852	364,240,016	31
2022/23	143,695,973	295,974,717	439,670,690	21
2023/24	158,588,641	343,781,619	502,370,260	14

(1) Per El Dorado County Assessor's roll data for each Fiscal Year shown, with a January 1 valuation date. Assessed value does not reflect any changes made to valuation after July of each Fiscal Year as a result of assessment appeal, correction or any other changes.

Source: NBS

Assessed Valuation. As provided by Article XIII A of the California Constitution, property is assessed at the lower of the market value as of the date the property was last assessed (or 1975, which ever is more recent), increased by a maximum of 2% per year, or the current market value as of the annual January 1 lien date. The assessed values of parcels in the District thus reflect, for undeveloped parcels, the estimate of the County Assessor (the "**Assessor**") of market

value when acquired (or 1975, whichever is later), increased by up to 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, possibly increased by 2% per year. The actual market value of parcels in the District, if sold at foreclosure, may be higher or lower than the Assessor's assessed values, depending upon the date of the Assessor's most recent assessment. The actual fair market value of any parcel can often be more accurately established through an arms-length sale or an appraisal by an independent appraiser.

The assessed value of property can be lowered due to declines in market value to comply with the provisions of Article XIII A, as described in the preceding paragraph. In the event of such a decline, the Assessor annually reviews and adjusts those properties under a lowered value to reflect the current market value as of the lien date. Increases in assessed valuation after such reductions can exceed 2% per year until the assessed valuation prior to such downward adjustment is reached.

Because of the general limitation to 2% per year in increases in full cash value of properties that remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. No assurance can be given that, should a parcel with delinquent Special Taxes be foreclosed and sold for the amount of the delinquency, any bid will be received for such property, or that if a bid is received, such bid will be sufficient to pay such delinquent installments.

Limitations of Assessed Valuation. Property values may not be evenly distributed throughout the District; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the Bonds are outstanding in that the County has no control over the market value of the property within the District or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See “– Overlapping Liens and Priority of Lien” below.

Prop 60/90 and Prop 110. Certain homes in the District have transferred base year assessed values pursuant to Proposition 60 or Proposition 90 (“**Prop 60/90**”) and Proposition 110 (“**Prop 110**”). Proposition 60 allows homeowners aged 55 and older to transfer the base year value from their original residence within the County (assuming it has met certain criteria) to a replacement residence within the County and Proposition 90 allows homeowners aged 55 and older to transfer the base year value from their original residence outside the County (assuming it has met certain criteria) to a replacement residence within the County; Prop 110 confers the same permission to homeowners who are permanently disabled. The County adopted a Proposition 90 ordinance which became effective in 2010, however on December 5, 2017, the County Board of Supervisors voted to repeal the Proposition 90 ordinance effective November 7, 2018. As a result, the County has discontinued accepting Proposition 90 base year applications for replacement principal residences acquired in the County effective that date. Lennar Homes reports that several residences previously sold to individual homeowners utilized Proposition 60 or Proposition 90; however, Lennar Homes does not expect that loss of these base year value transfers will materially affect sales of homes in the District.

Fiscal Year 2023-24 Assessed Valuations

The following table shows Fiscal Year 2023-24 assessed valuations for taxable property within the District, by development status.

Table 4
County of El Dorado
Community Facilities District No. 2014-1 (Carson Creek)
Fiscal Year 2023-24 Assessed Valuations by Development Status

Development Status (1)(2)/Phase	Property Width/ Acres	Residential Lots	2023/24 Land Value (3)	2023/24 Structure Value (3)	2023/24 Total Value (3)
<u>Developed Property</u>					
Unit 1, Phase 1	40.00 to 49.99	54	\$8,093,974	\$16,244,716	\$24,338,690
	50.00 to 59.99	54	9,579,864	20,812,933	30,392,797
	60.00 or Greater	26	5,283,478	11,389,267	16,672,745
Unit 1, Phase 2	40.00 to 49.99	53	8,269,730	16,320,473	24,590,203
	50.00 to 59.99	36	5,954,971	12,543,390	18,498,361
	60.00 or Greater	62	11,870,391	26,008,660	37,879,051
Subtotal		285	\$49,052,408	\$103,319,439	\$152,371,847
Unit 2, Phase 2A	40.00 to 49.99	46	\$7,589,640	\$15,906,277	\$23,495,917
	50.00 to 59.99	58	10,297,648	24,957,942	35,255,590
	60.00 or Greater	29	5,633,818	13,451,253	19,085,071
Unit 2, Phase 2B	40.00 to 49.99	59	9,877,854	22,977,880	32,855,734
	50.00 to 59.99	40	6,218,423	15,702,458	21,920,881
	60.00 or Greater	40	9,265,584	20,538,243	29,803,827
Unit 2, Phase 3	40.00 to 49.99	133	11,962,737	27,275,658	39,238,395
	50.00 to 59.99	54	8,177,812	19,194,680	27,372,492
	60.00 or Greater	90	15,388,246	37,791,779	53,180,025
Subtotal		549	\$84,411,762	\$197,796,170	\$282,207,932
Unit 3, Lot 4	N/A	140	\$20,953,480	\$42,666,010	\$63,619,490
Developed Property Total		974	\$154,417,650	\$343,781,619	\$498,199,269
<u>Final Map Property</u>					
Unit 2, Phase 2A	40.00 to 49.99	33	\$497,896	\$0	\$497,896
	50.00 to 59.99	3	44,925	0	44,925
	60.00 or Greater	1	22,932	0	22,932
Unit 2, Phase 3	40.00 to 49.99	27	708,957	0	708,957
	50.00 to 59.99	10	274,300	0	274,300
	60.00 or Greater	7	248,159	0	248,159
Subtotal		81	\$1,797,169	\$0	\$1,797,169
Unit 3, Lot 7	N/A	4.07	\$2,373,822	\$0	\$2,373,822
Final Map Property Total		81 + 4.07 Acres	\$4,170,991	\$0	\$4,170,991
District Total		1,055 Lots + 4.07 Acres	\$158,588,641	\$343,781,619	\$502,370,260

(1) Based on development status as of April 30, 2023 according to the definitions of the Rate and Method of Apportionment.

(2) For all phases of Unit 1, Unit 2 and Unit 3 Lot 4, the Maximum Special Tax is per Assessor's Parcel. For Unit 3 Lot 7, Maximum Special Tax is per Acre.

(3) Per El Dorado County Assessor's roll data for Fiscal Year 2023/24, with a January 1 valuation date. Assessed value does not reflect any changes made to valuation after July of each Fiscal Year as a result of assessment appeal, correction or any other changes.

Source: NBS

Value to Lien Ratios

The value of the land within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of a Special Tax, the County's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Taxes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure" and "SPECIAL RISK FACTORS – Bankruptcy and Foreclosure Delays." Reductions in District property values due to a downturn in the economy, natural disasters such as earthquakes or floods, stricter land use regulations or other events could have an adverse impact on the security for payment of the Special Taxes.

The Special Tax is levied on each parcel within the District and only the respective individual parcel is responsible for its allocated Special Tax. In comparing the value of the real property within the District and the principal amount of the Bonds, it should be noted that only the real property upon which there is a delinquent Special Tax can be foreclosed upon, and the real property within the District cannot be foreclosed upon as a whole to pay delinquent Special Taxes of the owners of such parcels within the District unless all of the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

The table on the following page summarizes the value-to-lien ratios of taxable property in the District by development status.

Table 5
County of El Dorado
Community Facilities District No. 2014-1 (Carson Creek)
Value-to Lien Ratios by Development Status
As of August 1, 2023

Development Status (1)/Phase	Property Width/ Acres	Residential Lots	2023/24 Total Value (3)	Total CFD Bond Debt (4)	Value to Lien
Developed Property					
Unit 1, Phase 1	40.00 to 49.99	54	\$24,338,690	\$1,812,870	13.43 :1
	50.00 to 59.99	54	30,392,797	2,026,151	15.00 :1
	60.00 or Greater	26	16,672,745	1,078,245	15.46 :1
Unit 1, Phase 2	40.00 to 49.99	53	24,590,203	1,779,299	13.82 :1
	50.00 to 59.99	36	18,498,361	1,350,768	13.69 :1
	60.00 or Greater	62	37,879,051	2,571,200	14.73 :1
Subtotal		285	\$152,371,847	\$10,618,533	14.35 :1
Unit 2, Phase 2A	40.00 to 49.99	46	\$23,495,917	\$1,544,297	15.21 :1
	50.00 to 59.99	58	35,255,590	2,176,237	16.20 :1
	60.00 or Greater	29	19,085,071	1,202,658	15.87 :1
Unit 2, Phase 2B	40.00 to 49.99	59	32,855,734	1,980,729	16.59 :1
	50.00 to 59.99	40	21,920,881	1,500,853	14.61 :1
	60.00 or Greater	40	29,803,827	1,658,839	17.97 :1
Unit 2, Phase 3	40.00 to 49.99	142	39,481,835	4,767,178	8.28 :1
	50.00 to 59.99	59	27,511,422	2,213,758	12.43 :1
	60.00 or Greater	94	53,316,574	3,898,271	13.68 :1
Subtotal		567	\$282,726,851	\$20,942,819	13.50 :1
Unit 3, Lot 4	N/A	140	\$63,619,490	\$4,036,503	15.76 :1
Developed Property Total		992	\$498,718,188	\$35,597,855	14.01 :1
Final Map Property					
Unit 2, Phase 2A	40.00 to 49.99	33	\$497,896	\$1,107,865	0.45 :1
	50.00 to 59.99	3	44,925	112,564	0.40 :1
	60.00 or Greater	1	22,932	41,471	0.55 :1
Unit 2, Phase 3	40.00 to 49.99	18	465,517	604,290	0.77 :1
	50.00 to 59.99	5	135,370	187,607	0.72 :1
	60.00 or Greater	3	111,610	124,413	0.90 :1
Subtotal		63	\$1,278,250	\$2,178,210	0.59 :1
Unit 3, Lot 7	N/A	4.07	\$2,373,822	\$843,936	2.81 :1
Final Map Property Total		81 + 4.07 Acres	\$3,652,072	\$3,022,145	1.21 :1
District Total		1,055 Lots + 4.07 Acres	\$502,370,260	\$38,620,000	13.01 :1

(1) Based on development status as of April 30, 2023 according to the definitions of the Rate and Method of Apportionment and including as Developed Property the additional 18 lots for which a building permit was issued after April 30, 2023 and through September 6, 2023.

(2) For all phases of Unit 1, Unit 2 and Unit 3 Lot 4, the Maximum Special Tax is per Assessor's Parcel. For Unit 3 Lot 7, Maximum Special Tax is per Acre.

(3) Per El Dorado County Assessor's roll data for Fiscal Year 2023/24, with a January 1 valuation date. Assessed value does not reflect any changes made to valuation after July of each Fiscal Year as a result of assessment appeal, correction or any other changes.

(4) Total outstanding debt for the 2014 Bonds, the 2017 Bonds and an estimated \$8,000,000 for the 2023 Bonds.

Source: NBS

Value-to-Lien Ratios by Range. The following table summarizes the value-to-lien ratios of taxable property in the District against the Bonds, by value-to-lien ratio ranges. As noted above, certain homes in the District have transferred base year assessed values pursuant to Prop 60/90 or Prop 110.

Table 6
County of El Dorado
Community Facilities District No. 2014-1 (Carson Creek)
Value-to-Lien Ratios by Category
As of August 1, 2023

Value-to-Lien Category	Residential Lots	2023/24 Total Value ⁽¹⁾	2023/24 Maximum Special Tax Revenue	2023/24 Actual Special Tax Levy ⁽²⁾	% of 2023/24 Actual Special Tax Levy	Total Bond Share ⁽³⁾	Aggregate Value-to-Lien
Greater than or equal to 20:1	99	\$78,060,758	\$217,291	\$178,930	10.28%	\$3,590,593	21.74 :1
Greater than or equal to 10:1 - less than 20:1	679	390,038,905	1,477,728	1,216,847	69.88%	24,418,478	15.97 :1
Greater than or equal to 5:1 - less than 10:1	79	21,874,153	170,922	140,747	8.08%	2,824,368	7.74 :1
Greater than or equal to 3:1 - less than 5:1	34	4,623,397	71,419	58,810	3.38%	1,180,144	3.92 :1
Greater than or equal to 2:1 - less than 3:1	12	3,474,114	77,125	21,454	1.23%	1,274,443	2.73 :1
Less than 2:1	152	4,298,933	322,674	124,489	7.15%	5,331,974	0.81 :1
District Total	1,055 Lots + 4.07 Acres	\$502,370,260	\$2,337,159	\$1,741,277	89.72%	\$38,620,000	13.01 :1

(1) Per El Dorado County Assessor's roll data for Fiscal Year 2023/24, with a January 1 valuation date. Assessed value does not reflect any changes made to valuation after July of each Fiscal Year as a result of assessment appeal, correction or any other changes.

(2) Based on development status as of April 30, 2023 according to the definitions of the Rate and Method of Apportionment.

(3) Total outstanding debt for the 2014 Bonds, the 2017 Bonds and an estimated \$8,000,000 for the 2023 Bonds.

Overlapping Liens and Priority of Lien

The principal of and interest on the Bonds are payable from the Special Tax authorized to be collected within the District, and payment of the Special Tax is secured by a lien on certain real property within the District. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act, regardless of when they are imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure. The County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District.

Other public agencies whose boundaries overlap those of the District could, without the consent of the County and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The lien created on the land within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by developers or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be subordinate to the lien of the Special Tax. Set forth below is an overlapping debt table showing the existing direct and overlapping bonded debt payable with respect to property within the District. This table has been prepared by California Municipal Statistics Inc. as of the date indicated, and is included for general information purposes only. The County has not reviewed the data for completeness or accuracy and makes no representations in connection therewith.

Table 7
County of El Dorado
Community Facilities District No. 2014-1 (Carson Creek)
Summary of Overlapping Debt
As of August 1, 2023

2022-23 Assessed Valuation: \$439,670,659 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 9/1/23</u>	
Los Rios Community College District General Obligation Bonds	0.176%	\$ 703,818	
El Dorado Union High School District General Obligation Bonds	1.567	887,214	
El Dorado County Community Facilities District No. 2014-1	100.000	<u>30,620,000</u>	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$32,211,032	
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
El Dorado County General Fund Obligation	1.074%	\$582,480	
El Dorado Union High School District Certificates of Participation	1.567	<u>257,526</u>	
TOTAL OVERLAPPING GENERAL FUND DEBT		\$840,006	
COMBINED TOTAL DEBT		\$33,051,038	(2)

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$30,620,000)	6.96%
Total Direct and Overlapping Tax and Assessment Debt ..	7.33%
Combined Total Debt	7.52%

(1) Excludes Mello-Roos Act bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics Inc.

There can be no assurance that Lennar Homes, its affiliates or any subsequent owner will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities, however no other special districts are currently contemplated by the County or Lennar Homes. Private liens, such as deeds of trust securing loans obtained by Lennar Homes or individual property owners, may be placed upon property in the District at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

Estimated Tax Burden on Single-Family Home

The Special Tax Consultant has projected that the overall tax burden for a single-family residence selling for \$510,000 will be approximately 1.48%, as shown in the following table.

Table 8
County of El Dorado
Community Facilities District No. 2014-1 (Carson Creek)
Projected Overall Tax Burden for Average Single-Family Residence
(Fiscal Year 2022-23)

Assumptions		Single-Family Detached
Unit Type		
Average Sales Price		\$510,000.00
(Less) Homeowner Exemption		<u>(7,000.00)</u>
Average Assessed Value		\$503,000.00
Average Assessed Land Value ⁽¹⁾		\$161,000.00
Ad Valorem	Tax Rate	
General Purpose Ad Valorem Tax (Proposition 13)	1.000000%	\$5,030.00
El Dorado Union High School District	0.010958%	55.12
Los Rios Community College District	<u>0.022600%</u>	<u>113.68</u>
Total Ad Valorem Taxes	1.033558%	\$5,198.80
Special/Direct Assessments		
CSA 10 Solid Waste Management/Litter Collection		\$17.00
CSA 10 Household Hazardous Waste Fee		3.00
CSA 9 Road and Drainage Zone 98310 ⁽²⁾		18.98
CSA 7 West Slope Ambulance Service Fee		25.00
EDH Community Services District		10.00
Library Services Tax (Zone E El Dorado Hills)		<u>25.00</u>
Total Special/Direct Assessments		\$98.98
Mello-Roos Community Facilities District (CFD)		
CFD 2014-1 Carson Creek ⁽⁴⁾		<u>\$2,226.15</u>
Total Estimated Annual Property Taxes		\$7,523.93
Effective Tax Rate		1.4753%
Effective Tax Rate - Excluding CFD Taxes		1.0388%

(1) Estimated land value for average home.

(2) Properties may be subject to the County of El Dorado County Service Area #9 Zone of Benefit which provides for road and drainage facility maintenance and improvement services. Assessment is for improved parcels; assessment amount is different for unimproved parcels.

Source: Alliant Tax Research.

Property Tax Delinquencies

As of June 30, 2023, 15 parcels were delinquent payment of the Fiscal Year 202-23 Special Tax levy in the District, as shown in the following table.

Table 9
County of El Dorado
Community Facilities District No. 2014-1 (Carson Creek)
Special Tax Collections and Delinquencies⁽¹⁾⁽²⁾
(Fiscal Year 2016-17 through FY2022-23)

Fiscal Year	Total Special Tax Levy	# of Parcels Levied	Total Special Tax Collected	Total Special Tax Delinquent	# of Parcels Delinquent	% Delinquent
2016/17	\$604,946.82	190	\$604,946.82	\$0.00	0	0.0%
2017/18	705,847.64	372	705,847.64	0.00	0	0.0
2018/19	1,606,298.38	598	1,606,298.38	0.00	0	0.0
2019/20	1,622,623.86	1,035	1,622,623.86	0.00	0	0.0
2020/21	1,632,293.72	1,056	1,632,293.72	0.00	0	0.0
2021/22	1,712,445.68	1,056	1,711,239.56	1,206.12	1	0.1
2022/23	1,748,232.50	855	1,732,756.25	15,476.25	15	0.9

(1) Delinquent amount does not include penalties, interest or fees. El Dorado County does not teeter special taxes.

(2) As of June 30, 2023.

Source: NBS based on information obtained from El Dorado County records.

SPECIAL RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in a rapid depletion of the Reserve Fund and/or a default in payments of the principal of, and interest on, the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See “ - Land Values” below.

Failure or Inability to Complete Proposed Development on a Timely Basis

Continued development in the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the property owners to pay Special Taxes when due. For example, proposed development within the District may be adversely affected by economic conditions less favorable than currently projected by Lennar Homes, an inability of Lennar Homes or future owners of the parcels to obtain financing, fluctuations in the real estate market or interest rates, unexpected increases in development costs, changes in federal, state or local governmental policies relating to the ownership of real estate, water allocation related issues, or the appearance of previously unknown environmental impacts necessitating preparation of a supplemental environmental impact report, and by other similar factors.

First, partially developed land may be less valuable than developed land and may provide less security to the owners of the Bonds should it be necessary for the County to foreclose on undeveloped property due to the nonpayment of Special Taxes. Moreover, failure to complete the development on a timely basis could adversely affect the land values of those parcels which have been completed. Lower land values result in less security for the payment of principal of and interest on the Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax.

Second, any inability to develop the land within the District as planned could reduce the expected diversity of ownership of land within the District, making the owners of the Bonds more dependent upon timely payment of the Special Taxes levied on Lennar Homes. The Rate and Method allocates the Special Tax first to Developed Property, second to Final Map Property and third to Undeveloped Property, as more fully described herein under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Levy of Annual Special Tax, Maximum Special Tax.”

Land Values

The value of taxable parcels in the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the County's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land development and land values could be adversely affected by economic and other factors beyond the County's control, such as: a general economic downturn; adverse judgments in future litigation that could affect the scope, timing or viability of development; relocation of employers out of the area; stricter land use regulations; shortages of water, electricity, natural gas or other utilities; destruction of property caused by earthquake, flood, wildfire or other natural disasters; environmental pollution or contamination. Additionally, fire insurance has become increasingly costly for homeowners, with several major insurers recently

exiting the California market and insurance policy costs escalating; readily available fire insurance at a reasonable cost may become an issue for homeowners buying or selling in California.

The valuation estimates presented herein represent the assessed value of taxable parcels in the District. The assessed valuation reflects the estimate of the Assessor of market value when acquired (or 1975, whichever is later), increased by up to 2% per year and may be increased by the value of newly constructed improvements which has occurred since the date of acquisition. The actual market value of parcels in the District, if sold at foreclosure, may be higher or lower than the assessed values.

Prospective purchasers of the Bonds should not assume that the property within the District could be sold for the assessed or appraised amount at a foreclosure sale for delinquent Special Taxes. The actual value of the property is subject to future events which might render invalid the assumptions relied upon by the Assessor in determining value.

Collection of Special Tax

In order to pay debt service on the Bonds, it is necessary that the Special Taxes against taxable land within the District be paid in a timely manner. Should the Special Taxes not be paid on time, the County has established a Reserve Fund in the amount of the Required Bond Reserve to pay debt service on the Bonds to the extent other funds are not available therefore. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Parity Reserve Fund."

The Fiscal Agent Agreement and the Act provide that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described below and in the Act, is to be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Special Tax Collections." Pursuant to the Act, in the event of any delinquency in the payment of the Special Tax, the County may order the institution of a superior court action to foreclose the lien therefore within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the County has covenanted for the benefit of the owners of the Bonds that the County will initiate judicial foreclosure proceedings under certain conditions in the event of a delinquency in the payment of one or more installments of the Special Tax as more fully described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Foreclosure." In lieu of instituting any particular foreclosure action, the County will have the right, but not the obligation, to advance from any available funds, other than any funds or accounts established under the Fiscal Agent Agreement, the amount of the delinquency; As described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Levy of Annual Special Tax; Maximum Special Tax," the County has enacted a Teeter Plan with respect to collection of the 1% base *ad valorem* property tax and with respect to general obligation bonds, but not with respect to special taxes or special assessments.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to holders of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the County of the proceeds of sale if the Reserve Fund is depleted. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Foreclosure." The County may be unable to make full or timely payment of debt service on the Bonds if property owners fail to pay installments of the Special Tax when

due, if the Reserve Fund is depleted, or if the County is unable to sell foreclosed parcels for amounts sufficient to cover the delinquent installments of the Special Tax.

Maximum Special Tax Rates

Within the limits of the Rate and Method and the Act, the County may adjust the Special Tax levied on all property within the District to provide an amount required to pay interest on and principal of and minimum sinking fund payments for the Bonds, and the amount, if any, necessary to cure delinquencies and replenish the Reserve Fund to an amount equal to the Reserve Requirement and to pay all annual expenses. However, the amount of the Special Tax that may be levied against particular categories of property within the District is subject to the annual Maximum Special Tax rates. In the event of delinquencies, there is no assurance that the imposition of the annual Maximum Special Taxes on the various taxable Parcels within the District will create enough revenue to pay debt service on the Bonds. For information concerning the Rate and Method, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology."

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method. In addition, the Act provides that properties or entities of the State, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. The Act further provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested. In particular, insofar as the Act requires payment of the Special Tax by a federal entity acquiring property within the District, it may be unconstitutional. If for any reason property within the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, another public agency or a religious organization, the Special Tax would have to be reallocated, subject to the limitation of the maximum authorized rates, to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of land within the District becomes exempt from the Special Tax because of public ownership or otherwise, the annual Maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Bonds when due, and a default would occur with respect to the payment of such principal and interest.

Disclosures to Future Purchasers

The County has recorded a Notice of Special Tax Lien in the Office of the County Recorder with respect to Special Tax levied in the District. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a parcel of land or a home in the District or the lending of money thereon. The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above

requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due. The Acquisition Agreement contains an agreement by Lennar Homes to comply with all disclosure requirements of the Act, specifically including the notice to prospective purchasers under Section 53341.5 of the Act.

Impact Fees Litigation

In December 2015, a lawsuit was filed claiming that the County failed to adopt the required periodic findings specified by statute with respect to the collection and expenditure of development impact fees collected by the County and deposited into eight County-maintained funds, and the County is thus obligated to refund all moneys held in these funds to the current lot owners. (*Austin v. County of El Dorado*, Case No. PC20150633). Of the eight impact fee funds that are the subject of the litigation, Lennar Homes paid specific impact fees into these five funds: 2004 General Plan El Dorado Hills, 2004 General Plan Highway 50 Variable Fee Fund, El Dorado Hills County Safety Fee Fund, El Dorado Hills Community Services District Park Fee Fund, El Dorado Hills County Water District Fire Impact Fee Fund. The impact fees are imposed, collected, and programmed by the County with the exception of the park and fire funds. Two other petitions have been filed related to the development impact fees collected by the County and deposited into the 2004 General Plan Highway 50 Variable Fund. (*Lunsmann v. County of El Dorado*, Case No. PC20170021; *Sheetz and Friends of El Dorado County v. County of El Dorado*, Case No. PC20170255). The *Austin* and *Lunsmann* cases are still pending in trial court. In the *Sheetz* case, the County prevailed on all issues at all levels of the California court system and the petitioner, having exhausted all of his state judicial remedies, is now pursuing a Petition for a Writ of Certiorari seeking review by the United States Supreme Court.

The lawsuits have no direct impact on the construction or completion of development within the District. If plaintiffs ultimately prevail before completion of the development in the District and the County is required to refund the moneys held in these funds to the current lot owners, it may potentially delay the construction or completion of public road improvements and park facilities in the El Dorado Hills area.

Future Land Use Regulations

Notwithstanding that land use approvals have been obtained by Lennar Homes with respect to development in the District, no assurance can be given that such approvals will ultimately exempt the development in the District from future land use or development restrictions, such as a limitation on the number of building permits that the County may issue each year. There are currently no reported cases in California which address the issue of whether the provisions of the Government Code relating to development agreements along with any related County ordinances, coupled with the existence of a recorded development agreement, will succeed in overriding the provisions of a subsequently enacted voter initiative or certain other land use regulations, including those of successor cities. Because the completion of the Development will not occur for several years, the imposition of future initiatives and other regulations on the Development could cause significant delays and cost increases not currently anticipated, thereby reducing the ability or willingness of property owners to pay the Special Taxes when due or causing land values within the District to decrease substantially from those estimated by the Appraiser. See "SPECIAL RISK FACTORS – Land Values" herein.

It is also possible that future federal or state regulations, or regulations of other public agencies having jurisdiction over an aspect of the Development, could be applicable to the Development and could negatively affect the ability of Lennar Homes, or its successors, to complete the proposed Development. For example, EID could impose a water moratorium or new restrictions on the number of water allocations granted each year. In addition, it is the County's understanding that any further use of Folsom Reservoir for water supplies will require that EID must enter into a contract with the United States Bureau of Reclamation (the "**Bureau**") for the use of the Bureau's Folsom Lake storage facilities. Before entering into this contract, the Bureau may be required to initiate and complete a consultation with the United States Fish and Wildlife Service under Section 7 of the Federal Endangered Species Act. This process could add to the time required for completion of the Development and could result in additional restrictions on the use of such water supplies, including related land use restrictions. In addition, measures could be imposed to protect any endangered species which might be identified in or near the Development in the future (see "**Endangered Species**"). This possibility presents a risk to prospective purchasers of the Bonds, or beneficial ownership interests therein, in that an inability to complete the Development as planned increases the risk that the Bonds will not be repaid when due. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis.

Earthquakes

The District, like many California communities, may be subject to unpredictable seismic activity. The occurrence of seismic activity in the District could result in substantial damage to properties in the District which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes when due. The District is not located in any existing special study zone delineated by the Chief of the Division of Mines and Geology of the State of California as an area of known active faults and is not otherwise known to be located within an area of any significant seismic activity.

Endangered Species

It is illegal to harm or disturb any plants or animals in their habitat that have been listed as endangered species by the United States Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Lennar Homes indicates that no special status plant or wildlife species were found on site during the field surveys conducted in preparation of the EIR, and that there has been no other indication to date that any plant or animal species listed (or proposed for listing by the California Department of Fish and Game or the United States Fish and Wildlife Service) as threatened or endangered under either the State or federal endangered species acts, inhabits any of the proposed development within the District. However, other than any that are permitted by the entitlements already received, the discovery of an endangered plant or animal could delay development or reduce the value of undeveloped property in the District. Additionally, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect species located on or adjacent to the property within the District could negatively affect the ability to complete development in the District as planned. This, in turn, could reduce the likelihood of timely payment of the Special Taxes and would likely reduce the value of the land estimated by the Appraiser and the potential revenues available at a foreclosure sale for delinquent Special Taxes. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis."

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a taxed parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Special Tax is a claim with regard to hazardous substances. In general, the owners and operators of parcels within the District may be required by law to remedy conditions of the parcels related to the releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substances condition of a property whether or not the owner or operator has anything to do with creating or handling the hazardous substance.

There exists in western portions of the County serpentine bedrock which can contain a natural form or forms of asbestos. Disturbance of the serpentine bedrock during development could release asbestos into the air. In response to this potential for release of asbestos into the air, the County adopted and is implementing Ordinance No. 4489 which contains construction control measures to be applied whenever development occurs within serpentine bedrock. Those measures require sites to be kept wet and machinery to be kept dust free during periods of exposure and work in serpentine bedrock. See “– Naturally Occurring Asbestos” below.

The effect of any parcel within the District being affected by a hazardous substance could be to reduce the marketability and value of the parcel by the costs of remedying the condition, because the owner is obligated to remedy the condition. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the financial and legal ability of a property owner to develop the affected parcel or other parcels, as well as the value of the property that is realizable upon a delinquency and foreclosure.

Naturally Occurring Asbestos

Naturally occurring asbestos is found in the rocks (primarily serpentine) and soil of El Dorado Hills. Natural weathering or human disturbance can break the asbestiform minerals down to microscopic fibers, which are easily suspended in air. There is no health threat if asbestos fibers in soil remain undisturbed and do not become airborne. When inhaled, these thin fibers irritate tissues and resist the body’s natural defenses. Asbestos causes cancers of the lung (such as mesothelioma) and the lining of internal organs, asbestosis, and other diseases that inhibit lung function. Scientists consider certain types of asbestos fibers (i.e., tremolite fibers and similarly structured amphibole asbestos particles) that are frequently identified in the County to be more potent than other types in causing mesothelioma.

In response to the potential for release of asbestos fibers into the air, the County first adopted an ordinance that contains construction control measures to be applied whenever development occurs in areas containing serpentine rock. These regulations do not prohibit construction activities, but in areas where naturally occurring asbestos can be found, construction projects must have dust-control measures in place as well as mitigation procedures for soil and rock areas disturbed by construction. In addition, the asbestos ordinance requires a disclosure as part of real estate transactions for properties where naturally occurring asbestos soils are known to have been disturbed. In 2002, a vein of rock containing amphibole asbestos was uncovered

during construction of new soccer fields at Oak Ridge High School, which is located in Serrano, approximately four miles north of the District. As a result, the U.S. Environmental Protection Agency (EPA) conducted a comprehensive investigation to assess the potential for exposure from naturally occurring asbestos. In 2004, the EPA collected samples in local community areas and schools, including children's playgrounds and local parks. The EPA collected fixed samples of air and soil and "activity-based" samples of air. The "activity-based" air samples were collected during simulated recreational activities to more accurately estimate the level of exposure for children and adults engaged in these activities. The EPA's report of its investigation showed that asbestos fibers were found in almost all of the samples collected.

On August 16, 2011, the Agency for Toxic Substances and Disease Registry (ATSDR) of the U.S. Department of Health and Human Services released the final version of its report on its health consultation, titled "Evaluation of Community-Wide Asbestos Exposures, El Dorado Hills Naturally Occurring Asbestos Site." ATSDR reached two conclusions in the health consultation: breathing in naturally occurring asbestos in the El Dorado Hills area, over a lifetime, has the potential to harm people's health, and reducing exposures to naturally occurring asbestos will protect people's health and is warranted in El Dorado County based on estimates of past exposures. The report noted that mesothelioma incidence, which is tracked by the California Cancer Registry, was not higher than expected in western El Dorado County at the time of the report. However, mesothelioma may take decades after exposure to appear. ATSDR recommended that state and local entities continue to enforce applicable dust regulations throughout the community, which will reduce releases of naturally occurring asbestos fibers and that community members and groups learn how to minimize their exposure to asbestos while conducting their normal activities.

The health concerns associated with the presence of naturally occurring asbestos in El Dorado Hills may adversely affect the marketability of property in the area.

Potential Impact of Water Shortage

The number of existing water allotments is limited, and no assurance can be made that additional water supplies will be made available or that existing supplies will not be reduced. EID has invoked water shortage emergency powers pursuant to California Water Code Section 350 et seq. during two periods within the last 18 years (from March 12, 1990 through June 12, 1992 and from November 9, 1992 through August 9, 1993). In the first case, this was due to a perceived shortage of water supply, and in the second case, delivery of available water supply was interrupted as a result of a major forest fire. In the first case, EID ceased allowing new hook-ups pending confirmation of its capacity to serve but constructed facilities to more fully utilize existing water supplies which were made available for new hook-ups. In the second case, EID developed water conservation plans and water shortage response measures to deal with this and future emergencies.

In connection with its purchase of property in the District, Lennar Homes obtained an assignment of the 1,240 water and sewer connections previously pre-purchased by AKT Carson Creek Investors, LLC from EID, which assignment and continued availability of such connections has been confirmed to the County by EID. These pre-purchased connections cover the planned 1,055 units in the District, and Lennar Homes indicates it does not anticipate any water availability issues to complete build-out of the development.

In the event that the water supply is cut off to future phases of the development by virtue of existing limitations or future actions resulting from drought conditions, or by virtue of water

moratoriums or any other reason, development within the District may be delayed or even stopped. The anticipated diversity of ownership of land within the District would be reduced, making the owners of the Bonds more dependent upon Lennar Homes' timely payment of the Special Taxes levied on the undeveloped property. Any reduction or interruption in the water supply would also likely cause a reduction in the estimated land value provided by the Appraiser and thus a reduction in the security in the event of a need to foreclose on land within the District following a delinquency in the payment of Special Taxes. For information concerning the existing supply of water allocations within the District, see "– Future Land Use Regulations" above.

Water Reports

On August 22, 1995, the Board of Supervisors of the County adopted Ordinance No. 4385 (the "**Water Ordinance**"). The Water Ordinance requires the County to obtain water supply and demand data (the "**Water Data**") from public water agencies and districts within the County, provide for public review of the Water Data, and hold public hearings prior to acceptance of the Water Data.

The Water Ordinance further requires that a long-term water plan be prepared and updated annually. This plan is required to contain information relating to public water needs of projects in the County, and a water availability assessment for each public water district, among other things. The County is required to mail a summary of this assessment to all County property owners on the current property tax assessment roll. A companion Ordinance No. 4385 amended Ordinance No. 4325 by requiring the annual reporting to be completed on or before July 1 of each calendar year, beginning in 1996.

Current state legislation now mandates the same objectives of County Ordinance No. 4325. Because County can rely on analysis and reports currently being produced pursuant to existing state statutes to meet the objectives of County Ordinance No. 4325, the ordinance has been amended. On December 4, 2018, the Board adopted Ordinance No. 5096 which repealed Ordinance No. 4385 and repealed and replaced Ordinance No. 4325. Ordinance No. 5096 eliminated the requirements for an annual updating and approval of the Water Plan and the annual mailing out to all property owners of the water assessment summary. Pursuant to Ordinance No. 5096, the preparation and posting of the countywide water management plan shall be as provided for in a Memorandum of Understanding between the County and the El Dorado County Water Agency, an agency created pursuant to Chapter 96 of the 1959 Water Agency Act (Water Code App. 96.1 et seq.) (hereinafter "EDCWA"). The establishment of EDCWA allows the agency to develop a Countywide Water Plan which includes projected water supply and demand needs based on the approved current El Dorado County General Plan growth projections and the Urban Water Management Plans as prepared by the County water purveyors. The Countywide Water Management Plan will be prepared concurrently with the Urban Water Management Plans and will be updated by EDCWA at least every five (5) years. EDCWA will coordinate with the County's water purveyors to provide a water availability assessment for each public water purveyor that determines the adequacy of existing and planned future public water supplies to meet existing and planned future demand on these water supplies.

Potential Impact of Climate Change

The issue of climate change has become an important factor in water resources planning in the State. There is evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, there is evidence that a warming trend occurred

during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts.

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years.

Direct and Overlapping Public Indebtedness

The ability or willingness of an owner of land within the District to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. The lien of the Special Tax is co-equal to and independent of the lien for general property taxes, other special taxes, and certain special assessments. Thus, the existence of general property taxes, other special taxes, and assessments may reduce the value-to-lien ratio of the affected parcels. In addition, other public agencies whose boundaries overlap those of the District could, with (or in some circumstances without) the consent of the owners of the land within the District, impose additional taxes or assessment liens on the property within the District in order to finance public improvements to be located inside of or outside of the District. The District and the County may have no control over the ability of other public agencies to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the District. In addition, the property owners within the District may, without the consent or knowledge of the County or the District, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Any such special taxes would create a lien on such property on a parity with that securing the Special Tax, and any such special assessments may create a lien on such property on a parity with that securing the Special Tax. The imposition of additional liens on a parity with the Special Taxes could reduce the ability or willingness of the landowners to pay the Special Taxes and increases the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes or the principal of and interest on the Bonds when due.

FDIC/Federal Government Interests in Properties

General. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the

supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding.”

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. In Rust v. Johnson (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“**FNMA**”) is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

Bankruptcy and Foreclosure Delays

The payment of Special Taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax could be significantly limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in the possibility of delinquent Special Tax installments not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds. To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient monies would not be available in the Reserve Fund for transfer to the Bond Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glaspy Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on that property. The court upheld the priority of unpaid *ad valorem* taxes imposed before the bankruptcy petition (the “pre-petition taxes”), but unpaid taxes imposed after the filing of the bankruptcy petition (“post-petition taxes”) were declared to be unsecured “administrative expenses” of the bankruptcy estate, and were therefore held to be payable from the bankruptcy estate only after payment of all secured creditors. As a result, the secured creditor

of the property was able to foreclose on the property and retain all of the proceeds of the sale except for the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would have to be paid, but only if the debtor had sufficient assets not subject to other perfected security interests to do so. In certain circumstances, payment of such administrative expenses may also be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time again become subject to and would secure liens for then current and future *ad valorem* taxes.

Glasply was controlling precedent on bankruptcy courts in the State of California for several years subsequent to the date of the Ninth Circuit's holding. Pursuant to state law, the lien date for general *ad valorem* property taxes levied in the State of California is the January 1 preceding the fiscal year for which the taxes are levied. Under the *Glasply* holding, a bankruptcy petition filing would have prevented the lien for general *ad valorem* property taxes levied in fiscal years subsequent to the filing of a bankruptcy petition from attaching and becoming a lien so long as the property was a part of the estate in bankruptcy. However, the *Glasply* holding was for the most part subsequently rendered inoperative with respect to the imposition of a lien for and the collection of *ad valorem* taxes by amendments to the federal Bankruptcy Code (Title 11 U.S.C.) which were part of the Bankruptcy Reform Act of 1994 (the "Bankruptcy Reform Act") passed by Congress during the later part of 1994. The Bankruptcy Reform Act added a provision to the automatic stay section of the Bankruptcy Code which, pursuant to Section 362(b)(18) thereof, excepts from the Bankruptcy Code's automatic stay provisions, "the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state, if such tax comes due after the filing of the petition" by a debtor in bankruptcy court. The effect of this provision is to continue the secured interest of *ad valorem* taxes on real property (i.e., post-petition taxes) in effect during the period following the filing of a bankruptcy petition, including during the period bankruptcy proceedings are pending.

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings. This treatment might result from the fact that, although the lien of special taxes is of record from the date of the filing of a Notice of Special Tax Lien, the actual special tax is levied annually. As noted above, special taxes have a different lien date than the lien date for general *ad valorem* taxes in the State of California noted above. The lien of a Mello-Roos special tax attaches upon recordation of the notice of the special tax lien, as provided for in Section 53328.3 of the Act, as opposed to the annual January 1 lien date for general *ad valorem* taxes. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving special taxes rather than general *ad valorem* property taxes, a court might consider the differences in the statutory provisions for creation of the applicable tax lien (general *ad valorem* or special tax) in determining whether there is a basis for post petition special taxes to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the special tax lien as a secured claim against property with respect to post-petition levies of the Special Taxes made against property owners within the District who file for bankruptcy, collections of the Special Taxes from such property owners could be reduced as the result of being treated as "administrative expenses" of the bankruptcy estate. Also, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general *ad valorem* taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may

not be applicable to special taxes since they were not expressly mentioned or provided for in this section, nor defined to be included within the term “*ad valorem* taxes.”

No Acceleration Provision

The 2023 Bonds do not contain a provision allowing for the acceleration of the 2023 Bonds in the event of a payment default or other default under the *terms* of the 2023 Bonds or the Fiscal Agent Agreement. Pursuant to the Fiscal Agent Agreement, a bondholder is *given* the right, for the equal benefit and protection of all bondholders similarly situated, to pursue certain remedies described in the Fiscal Agent Agreement. So long as the 2023 Bonds are in book-entry form, DTC will be the sole bondholder and will be entitled to exercise all rights and remedies of bondholders. See “APPENDIX F – BOOK-ENTRY SYSTEM.”

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS,” interest on the 2023 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2023 Bonds were issued, as a result of future acts or omissions of the County in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2023 Bonds were to be includable in gross income for purposes of federal income taxation, the 2023 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Tax.

Ballot Initiatives

From time-to-time initiative measures could be adopted by California voters which might place limitations on the ability of the State, the County or local public agencies to increase revenues or to increase appropriations or on the ability of Lennar Homes to complete the Development.

Absence of Secondary Market for the Bonds

No application has been made for a credit rating for the 2023 Bonds, and it is not known whether a credit rating could be secured either now or in the future for the 2023 Bonds. There can be no assurance that there will ever be a secondary market for purchase or sale of the 2023 Bonds. From time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market, the financial condition and results of operations of the owners of property located within the boundaries of the District, and the extent of the proposed development of the parcels within the District. The 2023 Bonds should therefore be considered long-term investments in which funds are committed to maturity, subject to redemption prior to maturity as described herein.

Case Law Related to the Mello-Roos Act

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego. The CCFD is a financing district established under the City’s charter (the “Charter”) and was intended to function

much like a community facilities district established under the Mello-Roos Act. The CCFD was comprised of all of the real property in the entire City. However, the CCFD special tax was to be levied only on properties in the CCFD that were improved with a hotel.

At the election to authorize the CCFD special tax, the CCFD proceedings limited the electorate to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel was located. Registered voters in the City of San Diego were not permitted to vote. This definition of the qualified electors of the CCFD was based on Section 53326(c) of the Mello-Roos Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed community facilities district whose property would be subject to the special tax.

The *San Diego* Court held that the CCFD special tax election did not comply with the City's Charter and with applicable provisions of the California Constitution -- specifically Article XIII A, section 4 ("Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district...") and Article XIII C, section 2(d) ("No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote.") -- because the electors in the CCFD election should have been the registered voters residing within the CCFD (the boundaries of which were coterminous with the boundaries of the City of San Diego).

As to the District, there were no registered voters within the District at the time of the election to authorize the Special Taxes. Significantly, the *San Diego* Court expressly stated that it was not addressing the validity of a landowner election to impose special taxes on residential property pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Therefore, by its terms, the *San Diego* Court's holding does not apply to the special tax election in the District.

Moreover, Sections 53341 and 53359 of the Act establish a limited period of time in which special taxes levied under the Mello-Roos Act may be challenged by a third party:

53341. Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to [the Mello-Roos Act] shall be commenced within 30 days after the special tax is approved by the voters....

53359. An action to determine the validity of bonds issued pursuant to [the Mello-Roos Act] or the validity of any special taxes levied pursuant to [the Mello-Roos Act] ... shall be commenced within 30 days after the voters approve the issuance of the bonds or the special tax ...

Landowner voters approved the Special Taxes and the issuance of bonds for the District in compliance with all applicable requirements of the Mello-Roos Act on April 16, 2014. Pursuant to the request and vote of the affected landowners, a change to the Rate and Method was adopted by resolution of the Board of Supervisors on November 14, 2017. Therefore, pursuant to Sections 53341 and 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the special tax has expired.

Because the *San Diego* Court expressly stated that it did not consider the facts presented by the District and because the period for challenging the Special Taxes has passed, the County believes the Special Taxes are valid and cannot be challenged.

Pandemic Diseases

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. Pandemic diseases arising in the future could have significant adverse health and financial impacts throughout the world, leading to loss of jobs and personal financial hardships, and/or actions by federal, State and local governmental authorities to contain or mitigate the effects of an outbreak.

Taxpayer assistance measures may include deferral of due dates of property taxes, which was an assistance program during the COVID-19 pandemic, and with or without a deferral some taxpayers may be unable to make their property and Special Tax payments. No assurance can be given that the property tax payment dates will not be deferred in the future, which may cause a delay in the receipt of Special Taxes. In addition, home values may be affected by a reduction in demand stemming from personal finances, or general widespread economic circumstances resulting from pandemic diseases.

Cyber Security

The County, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the County is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the County's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the County or the District, or the administration of the 2023 Bonds. The County is also reliant on other entities and service providers in connection with the administration of the 2023 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the dissemination agent. No assurance can be given that the County, the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Potential Early Redemption of Bonds from Prepayments

Property owners within the District, including Lennar Homes and individual homeowners, are permitted to prepay their Special Tax obligation at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

LEGAL MATTERS

Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the 2023 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX D.

Jones Hall, A Professional Law Corporation, San Francisco, California, has served as Disclosure Counsel to the County. The County Counsel will pass upon certain legal matters for the County as its general counsel. Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, has served as counsel to the Underwriter.

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2023 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2023 Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2023 Bonds. The County has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2023 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2022 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2022 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2022 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2023 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2022 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount

in the case of purchasers of the 2023 Bonds who purchase the 2023 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2023 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2023 Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2022 Bond (said term being the shorter of the 2022 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2022 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2022 Bond is amortized each year over the term to maturity of the 2022 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2022 Bond premium is not deductible for federal income tax purposes. Owners of premium 2023 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2023 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2023 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2023 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2023 Bonds, or as to the consequences of owning or receiving interest on the 2023 Bonds, as of any future date. Prospective purchasers of the 2023 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2023 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2023 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2023 Bonds, the ownership, sale or disposition of the 2023 Bonds, or the amount, accrual or receipt of interest on the 2023 Bonds.

No Litigation

At the time of delivery of and payment for the 2023 Bonds, the County Counsel will deliver his opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the County affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the 2023 Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreements, or the collection or application of the Special Tax to pay the principal of and interest on the 2023 Bonds, or in any way contesting or affecting the validity or enforceability of the 2023 Bonds, the Fiscal Agent Agreements or any action of the County contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the County or its authority with respect to the 2023 Bonds or any action of the County contemplated by any of said documents.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of owners of the 2023 Bonds to provide certain financial information and operating data relating to the District by not later than April 30 after the end of the County's fiscal year (presently June 30) in each year (the "**Annual Report**"), commencing with its report for Fiscal Year 2022-23, and provide notices of the occurrence of certain enumerated events.

The Annual Report and notices of listed events will be filed with the Municipal Securities Rulemaking Board ("**MSRB**") or otherwise as required by Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The covenants of the County have been made in order to assist the Underwriter in complying with the Rule. The specific nature of the information to be contained in the Annual Report or the notices of listed events by the County is summarized in "APPENDIX E – FORM OF CONTINUING DISCLOSURE UNDERTAKING."

A review of the County's prior continuing disclosure compliance for the past 5 years indicates that the County has complied, in all material respects, with its obligations. [Note: Underwriter to confirm/update]

In order to assist it in complying with its disclosure undertakings, including timely submission of information for the 2023 Bonds, the County utilizes a third party to serve as its dissemination agent. The County's initial dissemination agent for the 2023 Bonds will be NBS Government Finance Group.

NO RATINGS

The County has not applied to a rating agency for the assignment of a rating to the Bonds and does not contemplate applying for a rating.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, as underwriter (the “**Underwriter**”), at a purchase price of \$_____ (representing the principal of amount of the Bonds, less an underwriter’s discount of \$_____, plus a net original issue premium of \$_____).

The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

PROFESSIONAL FEES

In connection with the issuance of the Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the Bonds. Those professionals include: the Underwriter; Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel; Stradling, Yocca, Carlson & Rauth, a Professional Corporation, as Underwriter’s Counsel; NBS, as Special Tax Consultant; and The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent for the Bonds.

EXECUTION

The execution and delivery of the Official Statement by the County has been duly authorized by the Board of Supervisors, acting as the legislative body of the District.

COUNTY OF EL DORADO

By: _____
Auditor-Controller

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

APPENDIX C

GENERAL INFORMATION ABOUT THE COUNTY OF EL DORADO

The District's boundary is entirely within the County of El Dorado. This section provides certain information about the economy and demographic trends in the County. However, no revenues of the County or taxes on economic activity in the County are pledged to payment of the Bonds. The Bonds are payable from an ad valorem property tax required to be levied on all taxable property within the District's boundaries in an amount sufficient to pay debt service on the Bonds as it comes due.

General and Location

The County of El Dorado (the "County") was incorporated as a general law county in 1850, with the City of Placerville as the county seat. The County was organized and has been operating as a charter county since 1994, when voters adopted a county charter by majority vote under Article XI, Section 4 of the California Constitution. A five-member Board of Supervisors functions as the County's legislative body, and each supervisor is elected by voters within his or her supervisorial district. Because much of the County is comprised of unincorporated areas, the County provides a wide range of services through its departments and by special districts for these areas.

The County's 1,711.5 square miles encompass a portion of Lake Tahoe on the east and extend to the west within 25 miles of Sacramento. The City of Placerville is located 150 miles east of San Francisco, 44 miles east of Sacramento and 60 miles west of the City of Lake Tahoe. Federal, State or local government owns more than half of the land in the County.

Population

The historic population estimates for the County and the State of California as of January 1 of the calendar years 2019 through 2023 are listed below.

County of El Dorado and State of California Population Estimates

Calendar Year	El Dorado County	State of California
2019	189,691	39,605,361
2020	193,519	39,648,938
2021	190,561	39,286,510
2022	189,816	39,078,674
2023	189,006	38,940,231

Source: California State Department of Finance

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County, the State, and the United States for the period 2019 through 2023.

**CITY OF SOUTH LAKE TAHOE, EL DORADO COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
EFFECTIVE BUYING INCOME
As of January 1, 2019 through 2023**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2019	El Dorado County	\$6,884,494	\$67,948
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	El Dorado County	\$7,131,224	\$70,899
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	El Dorado County	\$7,711,541	\$73,169
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	El Dorado County	\$8,429,911	\$81,237
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	El Dorado County	\$8,459,722	\$81,743
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326

Source: Claritas, LLC.

Taxable Transactions

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following tables.

Total taxable sales during the first quarter of calendar year 2023 in the County were reported to be \$724,399,635, a 7.41% decrease in the total taxable sales of \$782,345,975 reported during the first quarter of calendar year 2022.

COUNTY OF EL DORADO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2018 through 2022 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2018	4,216	\$1,771,739	6,836	\$2,369,664
2019	4,183	1,876,936	6,917	2,544,004
2020	4,332	2,005,650	7,309	2,707,847
2021	3,797	2,272,978	6,547	3,120,528
2022	3,821	2,422,073	6,664	3,363,405

Source: State Department of Tax and Fee Administration.

Largest Employers

The following table lists, in alphabetical order, the largest manufacturing and non-manufacturing employers within the County as of August 2023.

COUNTY OF EL DORADO
Major Employers
As of August 2023
(In Alphabetical Order)

Employer Name	Location	Industry
Barton Health	South Lake Tahoe	Hospitals
Blue Shield of California	El Dorado Hills	Insurance
Broadridge Financial Solutions	El Dorado Hills	Business Services NEC
Camp Richardson Lake Tahoe	South Lake Tahoe	Resorts
CEMEX	El Dorado Hills	Construction Companies
Child Development Programs	Placerville	Youth Organizations & Centers
County of Eldorado	Placerville	County Government-General Offices
El Dorado County Child Protctn	Placerville	Government Offices-County
El Dorado County Sheriff	Placerville	Sheriff
El Dorado County Trnsprtn	Placerville	Government Offices-County
El Dorado Irrigation District	Placerville	Water & Sewage Companies-Utility
Lake Tahoe Community College	South Lake Tahoe	Junior-Community College-Tech Institutes
Liberty Utilities Co	South Lake Tahoe	Utility Contractors
Marriott's Timber Lodge	South Lake Tahoe	Hotels & Motels
More	Placerville	Rehabilitation Services
Nugget Markets	El Dorado Hills	Grocers-Retail
Oak Ridge High School	El Dorado Hills	Schools
Safeway	South Lake Tahoe	Grocers-Retail
Sierra-At-Tahoe Resort	Twin Bridges	Skiing Centers & Resorts
South Lake Tahoe City Manager	South Lake Tahoe	City Government-Executive Offices
Spare Time Inc	El Dorado Hills	Health Clubs Studios & Gymnasiums
Top To Bottom Inside & Out Inc	El Dorado Hills	Home Improvements
Transitional Learning Ctr High	South Lake Tahoe	Schools
Urbana Tahoe Tc LLC	South Lake Tahoe	Hotels & Motels
Zephyr Cove Resort	South Lake Tahoe	Marinas

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2023 2nd edition.

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Industry and Employment

The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 4.4 percent in June 2023, up from a revised 4.0 percent in May 2023, and above the year-ago estimate of 3.7 percent. This compares with an unadjusted unemployment rate of 4.9 percent for California and 3.8 percent for the nation during the same period. The unemployment rate was 3.9 percent in El Dorado County, 3.8 percent in Placer County, 4.5 percent in Sacramento County, and 4.8 percent in Yolo County.

The following table shows the unemployment rate in El Dorado County for the years shown.

SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA
El Dorado, Placer, Sacramento, Yolo Counties
Civilian Labor Force, Employment and Unemployment
Calendar Years 2018 through 2022
(March 2022 benchmark)

	2018	2019	2020	2021	2022
Civilian Labor Force ⁽¹⁾	1,088,500	1,101,200	1,095,600	1,107,800	1,124,500
Employment	1,047,200	1,061,100	998,400	1,036,700	1,082,500
Unemployment	41,200	40,100	97,200	71,100	42,000
Unemployment Rate	3.8%	3.6%	8.9%	6.4%	3.7%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	9,100	8,700	8,300	9,000	8,600
Mining and Logging	400	500	500	500	500
Construction	64,500	69,400	70,200	74,900	76,800
Manufacturing	36,000	36,800	36,100	37,700	40,300
Wholesale Trade	28,400	28,600	26,600	26,900	28,300
Retail Trade	102,000	100,500	95,100	100,600	100,800
Transportation, Warehousing, Utilities	29,500	32,200	34,300	37,500	40,500
Information	12,400	11,900	10,200	10,100	10,500
Financial Activities	53,500	52,500	51,700	51,800	52,300
Professional and Business Services	136,000	137,300	133,500	140,600	147,500
Educational and Health Services	159,800	166,600	164,000	168,800	175,400
Leisure and Hospitality	106,200	109,600	83,900	93,600	108,700
Other Services	34,200	35,400	31,000	33,300	36,100
Federal Government	14,100	14,200	14,800	14,500	14,300
State Government	120,400	121,900	121,700	127,300	128,700
Local Government	103,500	105,300	98,900	98,400	102,900
Total all Industries ⁽³⁾	1,009,900	1,031,300	980,700	1,025,400	1,072,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Columns may not sum to totals due to rounding.

Source: State of California Employment Development Department.

Construction Activity

Construction activity in the County for the past five years for which data is available is shown in the following tables.

EL DORADO COUNTY
Building Permit Valuation
For Calendar Years 2018 through 2022
(Dollars in Thousands)⁽¹⁾

	2018	2019	2020	2021	2022
<u>Permit Valuation</u>					
New Single-family	\$221,702.9	\$404,049.4	\$271,705.8	\$272,949.4	\$272,193.6
New Multi-family	2,458.5	14,250.0	2,621.6	0.0	34,910.0
Res. Alterations/Additions	50,395.3	39,291.3	30,270.3	42,208.2	58,069.1
Total Residential	274,556.7	457,590.7	304,597.7	315,157.6	365,172.7
 New Commercial	37,141.5	42,622.0	16,917.1	37,727.2	33,737.9
New Industrial	1,024.1	0.0	0.0	0.0	0.0
New Other	48,961.4	35,357.3	28,555.7	44,229.5	46,142.7
Com. Alterations/Additions	21,186.3	27,883.6	24,950.1	23,256.9	46,318.6
Total Nonresidential	108,313.3	105,862.9	70,422.9	105,213.6	126,199.2
 <u>New Dwelling Units</u>					
Single Family	613	595	649	697	626
Multiple Family	6	18	7	0	83
TOTAL	619	613	656	697	709

(1) Totals may not foot due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

Tourism

Tourism has long been a major component of the County's economy. Lake Tahoe on the County's eastern edge is a world-class destination attraction with a varied offering of both winter and summer sports. Marshall State Park Gold Discovery Site, Folsom Lake, Apple Hill (a ranch marketing area) and other attractions in the western part of the County provide another range of diversity to visitors. Much of the central part of the County lies in the El Dorado and Tahoe National Forests, which provide hiking, camping, fishing, hunting and other outdoor recreation.

Transportation

Two major highways (U.S. 50 and U.S. 49) intersect the County while Interstate 5 and Interstate 80 are within 45 minutes of the City of Placerville. Commercial air service is provided to the western portion of the County by the Sacramento Metropolitan Airport, 50 miles west of the City of Placerville. More than 200 trucking firms serve the County area, with interstate, local and special hauling. The County is also served by Greyhound Bus Lines.

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

_____, 2023

Board of Supervisors
County of El Dorado
330 Fair Lane
Placerville, CA 95667

OPINION: \$_____ County of El Dorado Community Facilities District No. 2014-1
 (Carson Creek) Special Tax Bonds Series 2023

Members of the Board of Supervisors:

We have acted as bond counsel in connection with the issuance by the County of El Dorado (the "County") of its \$_____ County of El Dorado Community Facilities District No. 2014-1 (Carson Creek) Special Tax Bonds Series 2023 (the "Bonds") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code (the "Act"), a resolution of the County adopted _____, 2023 (the "Resolution of Issuance") and a Supplemental Agreement No. 2 to the Fiscal Agent Agreement, dated as of November 1, 2023, which supplements a Fiscal Agent Agreement, dated as of September 1, 2016 and Supplemental Agreement No. 1 to the Fiscal Agent Agreement, dated as of February 1, 2018 by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (collectively, the "Fiscal Agent Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the County contained in the Fiscal Agent Agreement and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The County is duly organized and validly existing as a charter county under the laws of the State of California, with power to enter into the Fiscal Agent Agreement, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the County and are legal, valid and binding obligations of the County, payable solely from the sources provided therefor in the Fiscal Agent Agreement.

3. The Fiscal Agent Agreement has been duly approved by the County and constitutes a legal, valid and binding obligation of the County enforceable against the County in accordance with its terms.

4. Pursuant to the Act, the Fiscal Agent Agreement establishes a valid lien on and pledge of the Special Tax Revenues (as such term is defined in the Fiscal Agent Agreement) for the security of the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal tax purposes. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

6. Interest on the Bonds is exempt from California personal income taxation.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Fiscal Agent Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$ _____
COUNTY OF EL DORADO
COMMUNITIES FACILITIES DISTRICT NO. 2014-1
(CARSON CREEK)
SPECIAL TAX BONDS SERIES 2023

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the County of El Dorado (the “District”) in connection with the issuance of the bonds captioned above (the “Bonds”). The Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code (the “Act”), a resolution of the County adopted _____, 2023 (the “Resolution of Issuance”) and a Supplemental Agreement No. 2 to the Fiscal Agent Agreement, dated as of November 1, 2023, which supplements a Fiscal Agent Agreement, dated as of September 1, 2016 and Supplemental Agreement No. 1 to the Fiscal Agent Agreement, dated as of February 1, 2018 by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (collectively, the “Fiscal Agent Agreement”). The County hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means each April 30 after the end of the County’s fiscal year (presently June 30).

“*Dissemination Agent*” means NBS Government Finance Group, or any successor Dissemination Agent designated in writing by the County, which has filed with the County a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement dated _____, 2023, executed by the County in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 30, 2024, with the report for the 2022-23 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the County) has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the County’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The County shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the County hereunder.

(b) If the County does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide to the MSRB, in an electronic format as prescribed by the MSRB, a notice to such effect.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the County, file a report with the County and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The County’s Annual Report shall contain or incorporate by reference the following documents and information:

(a) The following additional items, indicating information as of the previous September 30th, with respect to the Bonds:

(1) Balance in the Reserve Fund.

(2) Table indicating Special Tax levy, amount collected, delinquent amount and percent delinquent for the most recent fiscal year.

(3) Assessed valuation of property shown on County Assessor's tax rolls in the District for the current (as of the date of the report) fiscal year.

(4) Table providing the number of parcels, amount of Special Tax levy, percentage of Special Tax levy, the amount of Maximum Annual Special Tax levy, and assessed valuation, all as of the current fiscal year, broken out to show parcels with improvement value on the assessment roll, parcels without improvement value on the assessment roll and the totals.

(5) Status of foreclosure proceedings and summary of results of foreclosure sales, if available.

(6) Identity of any delinquent taxpayer representing more than 5% of levy amount of delinquent taxpayer's share of current fiscal year Special Tax levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available).

(b) [For so long as there is any owner of property in the District whose properties in the District collectively represent 10% or more of the Special Taxes, the following information regarding the status of development in the District:]

(1) Significant amendments to land use entitlements.

(2) Status of any legislative, administrative and judicial challenges to the construction of the development known to the County.

(3) List of landowners (as shown County Assessor's tax roll) whose properties collectively represent 10% or more of the Special Taxes for the current (as of the date of the report) fiscal year with the name, share of the Special Tax levy and assessed value for the current fiscal year provided for each.

(4) Number of building permits issued by the County for property in the District for the reported fiscal year.

(c) In addition to any of the information expressly required to be provided under paragraphs (a), (b) and (c) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) If not submitted as part of the annual financial information, then when and if available, audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. This submission should be made with the following caveat:

THE COUNTY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION

OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE COUNTY (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR THE DISTRICT AND SECURING THE BONDS) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE COUNTY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE COUNTY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE COUNTY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The County shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the County.
- (13) The consummation of a merger, consolidation, or acquisition involving the County, or the sale of all or substantially all of the assets of the County (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.
- (15) Incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material (for definition of "financial obligation," see clause (e)).
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties (for definition of "financial obligation," see clause (e)).

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall, or shall cause the Dissemination Agent (if not the County) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The County acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The County shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the County obtains knowledge of the occurrence of any of these Listed Events, the County will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the County will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The County’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be NBS Government Finance Group.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations

under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the County, the Fiscal Agent, the Bond owners or any other party. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2023

COUNTY OF EL DORADO for and on
behalf of the COUNTY OF EL DORADO
COMMUNITY FACILITIES DISTRICT NO.
2014-1 (CARSON CREEK)

By: _____
Authorized Officer

AGREED AND ACCEPTED:
NBS Government Finance Group,
as Dissemination Agent

By: _____
Authorized Officer

APPENDIX F

THE BOOK ENTRY SYSTEM

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "**Direct Participants**" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, mandatory redemption and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

The County cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The County is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Discontinuance of Book-Entry System

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law or the County may terminate participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the County will execute, and the Fiscal Agent will authenticate and make available for delivery, replacement Bonds in the form of registered bonds. In addition, the principal of and redemption premium, if any, on the Bonds will be payable as set forth in the Fiscal Agent Agreement and summarized above under the caption "Description of the Bonds." Bonds will be transferable and exchangeable on the terms and conditions provided in the Fiscal Agent Agreement. See "— Transfer or Exchange of Bonds" in the main body of this Official Statement.