

**From:** Dean Getz  
**To:** Brandon Young; Joe H. Harn; Bob Williams  
**Cc:** BOS-District II; BOS-District III; BOS-District I; BOS-District V; Stephen Ferry; heidi.hannaman@edhcscd.org; noellemattrock@edhcscd.org; michaelmartinelli@edhcscd.org; erobinson@kmtg.com; mrentner@nbsgov.com; Stephanie McGann Jantzen; Teri Gotro; Tiffany Schmid; David A Livingston; David Spaur; contact@edcgrandjury.com; Jeff Hansen; andy.nevis@edcgov.us; Patrick Frege; frank.splendorio@bbklaw.com; Rhamon R. Guilford; BOS-Clerk of the Board  
**Subject:** Public Comment: EDC Auditor's GAGAS/GASB Responsibilities Regarding Missing CFD 1992 Missing Assets in Serrano Specific Plan – EDC Planning Commission Agenda Request  
**Date:** Friday, April 4, 2025 12:16:03 PM  
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Dear EDC Auditor Brandon Young , County Auditee Rep. Joe Harn EDC Planning Commissioner Williams,

(Cc: EDC BoS Chairperson Turnboo, EDHCSD President Ferry, EDC Bond Counsel KTMG Managing Partner Eric Robinson, EDC Special Tax Consultant NBS CEO Michael Rentner, EDC & EDHCSD Leadership and Teams, Grand Jurors; Bcc: Numerous Others),

**[Clerks of the Board(s) and Commission, please incorporate these comments into the official record for the County Supervisor's Meeting on 4/8/2025 and the Planning Commission's 4/10/2025 and EDHCSD's 4/10/2025 public comment, respectively.]**

As I've previously noted, El Dorado County's past audit reports failed to properly account for the custodial funds of its Community Facility Districts, merely footnoting them as depicted linked ([Click here](#)). Specifically, CFD 1992-1 (Serrano) is missing several capital assets that should have been deeded to the public to maintain the tax-exemption on the bonds funding the improvements. Auditor-Controller Harn's team has made significant progress in addressing these gaps, confirming the County's breaches of duty to the IRS and relevant regulators.

#### **EL DORADO SPECIFIC PLAN (SERRANO) DELIVERABLES COMPLIANCE REVIEW**

The 1998 El Dorado Specific Plan (Serrano) was last reviewed for compliance with the terms of the deliverables by El Dorado County's Planning Commission, August 22, 2019. El Dorado County's Senior Planner, Aaron Mount wrote August 19, 2019, ***"The Department of Transportation has reviewed Attachment A and confirmed that the required right-of-way has been dedicated consistent with Section 3.5 of the DA"*** linked ([Click here](#)) and excerpted for your ease below:

PD18-0005/TM18-1536/Serrano Village J7  
Planning Commission/August 22, 2019  
Staff Memo August 19, 2019  
Page 2

**The Department of Transportation has reviewed Attachment A and confirmed that the required right-of-way has been dedicated consistent with Section 3.5 of the DA.**

This statement was not true when it was written, nor is it true today. In fact, section 3.5 states, ***"Dedication to County of Right-of-Way. Developer and all successors agree to convey to county, when necessary, all rights-of-way for the construction of the street and highway or other improvements required for the implementation of the Specific Plan. Failure to so dedicate is a material breach"*** linked ([Click here](#)).

In fact, contrary to Mr. Mount's confirmation to the then-Planning Commission regarding the dedication of the Section 3.5 "right-of-way" deliverables, nearly all of what has been reimbursed as "other improvements required for the implementation of the specific plan" are improperly privately held to this day.

The failure to dedicate these publicly funded landscaped areas constitutes a material breach of the Development Agreement and threatens the tax-exempt status of the bonds that financed the improvements if not corrected.

#### **2008 EXAMPLE OF BREACH OF SERRANO'S DEVELOPMENT AGREEMENT – SECTION 3.5**

In April 2008, the project developer requested \$656,240.96 from the CFD 1992-1 custodial funds for authorized right-of-way landscaping improvements linked ([Click here](#)), contingent upon the dedication of these improvements. The developer's reimbursement request assured the County that,

***"To the best of Serrano Associates' knowledge, title rests with the El Dorado Irrigation District or the County."***

However, this statement is knowingly false, both at the time and continuing to the present.

In 2007, Serrano Associates entered into a "Landscape Easement Agreement" with the El Dorado Hills Community Services District ("District") linked ([Click here](#)), which states that CFD 1992 reimbursement can be authorized **"upon the dedication of said improvements to the District."** However, the agreement grants a maintenance easement, not a dedication, over the privately retained property, including the required right-of-way landscaping improvements.

The following year, the developer suggested that title to these improvements should rest with the El Dorado Irrigation District or the County—rather than the El Dorado Hills Community Services District, as specified in the 2007 easement—to access public funding and CFD reimbursement excerpted for your ease here:

Facilities District No. 1992-1, El Dorado County, **upon dedication of said improvements to the District;**

**NOW THEREFORE;** Developer, Association and District agree as follows:

1. **Grant of Landscape Easement. Developer and Association hereby grant to District an easement over that portion of Developer's and Association's real property in the County of El Dorado, described in Exhibits A and B, and as shown on Exhibits A-1 and B-1.**

To be clear, these publicly funded improvements remain in private hands to this day, threatening the tax-exempt status of the bonds that financed the improvements unless corrected.

#### **2021 EXAMPLE OF BREACH OF SERRANO'S DEVELOPMENT AGREEMENT – SECTION 3.5**

Mr. Mount's 2019 staff analysis (linked above) memo notes that the 1998 El Dorado Specific Plan (Serrano) was last reviewed by the County Supervisors in December 2008, at which time the 3.5 "right-of-way" deliverables were known to be incomplete (linked here). What makes Mr. Mount's 2019 analysis memo demonstrably false, in 2021, the project developer submitted an additional Section 3.5 reimbursement request, which undermines Mount's confirmation that Section 3.5 of the DA was completed back in 2019, let alone completed as "required right-of-way has been dedicated consistent with Section 3.5 of the DA."

In June of 2020, the project developer requested \$1,691,735.43 from the CFD 1992-1 custodial funds for authorized right-of-way landscaping improvements linked ([Click here](#)), contingent upon the dedication of these improvements. The developer's reimbursement request assured the County that,

***To the best of Serrano Associates' knowledge, title rests with the El Dorado Irrigation District or the County."***

Again, this statement is knowingly false, both at the time and continuing to the present.

In 2021, Serrano Associates entered into a "Landscape Easement Agreement" with the El Dorado Hills Community Services District ("District"), which states that CFD 1992 reimbursement can be authorized **"upon the dedication of said improvements to the District."**

However, the agreement grants a maintenance easement, not a dedication, over the privately retained property, including the required right-of-way landscaping improvements linked ([Click here](#)) and excerpted for your ease here:

authorized for acquisition by Community Facilities District No. 1992-1, El Dorado County, upon dedication of said improvements to the District;

**NOW THEREFORE;** Developer, Tri Pointe, Hovnanian, Association, and District agree as follows:

1. **Grant of Landscape Easement.** Developer, Tri Pointe, Hovnanian and Association hereby grant to District an easement over that portion of Developer's, Tri Pointe's, Hovnanian's and Association's real property in the County of El Dorado, described in Exhibit A.

Let's be absolutely clear—there's no way the Developer truly believed or thought that "title rests with the El Dorado Irrigation District or the County" when, just the following year, they claim it's actually the Developer's, Merchant Builders', and Association's real property. Again, these publicly funded improvements remain in private hands to this day, threatening the tax-exempt status of the bonds that financed the improvements unless corrected.

#### **GAGAS/GASB COMPLIANCE AND AUDIT ACCOUNTABILITY FOR CFD 1992-1 REIMBURSEMENTS**

As County Auditor-Controller Harn has confirmed, *"To be eligible for reimbursement according to the Guidelines, the improved property must be deeded to the County, or the County must receive an Irrevocable Offer of Dedication (IOD) to deed the property to the County"* linked ([Click here](#)).

The documented example reimbursements seemingly confirm that these CFD 1992-1 custodial fund expenditures were improper. To that end, as former El Dorado Hills Community Services District GM Loewen was forced to confirm to the California Department of Real Estate in the fall of 2023, *"landscape areas beyond the original assets indicated in the formation of the LLAD"* were never deeded (linked here)—indicating a systematic failure to obtain the public right-of-way, among other publicly funded assets, as explicitly required by the various CFD formation and financing documents. Of course, this failure is enabled by countless substandard previous external audits of El Dorado County.

As you are likely aware, when public infrastructure improvements are not properly deeded to the government as required, the reimbursement funds could potentially be clawed back. This is because the reimbursement is contingent upon the proper conveyance of the infrastructure to the public entity to preserve the tax-exempt status of the bonds that financed the improvements. Failure to deed the improvements violates the explicit terms of the Development Agreement and the bond financing, potentially obligating the County to return the reimbursement funds or take corrective actions. Moreover, the failure to swiftly correct these transgressions could result in other legal obligations, triggering additional financial or legal consequences.

Therefore, as the current external auditor, your audit must properly account for any improper CFD 1992-1 reimbursements (i.e., as required by El Dorado County's Guidelines for Special Districts Acquisition Projects), specifically calling out the deficiencies in your audit findings, in accordance with Government Auditing Standards (GAGAS) and GASB guidelines, to ensure compliance with standard audit requirements and protect the integrity of the financial statements. **Failure by the current auditor to properly address these now well-documented issues will be vigorously pursued with all the appropriate licensing and regulatory agencies.**

#### **FUTURE PLANNING COMMISSION AGENDA ITEM REQUEST**

For the Planning Commission, I contend that the commission's last review of the El Dorado Hills Specific Plan should be immediately revisited for compliance with the terms of the Development Agreement, along with consideration of how commission staff overlooked these deficiencies. I am formally requesting that the commission specifically agendaize concerns—among others—pertaining to the completion of this specific plan for an upcoming meeting, especially considering that the project's developer is seeking approval for a similarly sized project (Marble Valley) currently in the planning (consideration) process.

Should you have any questions, I can be reached at (916) 807-0876.

Sincerely,

*Dean Getz*

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