



**County of El Dorado**  
OFFICE OF AUDITOR-CONTROLLER

**JOE HARN, CPA**  
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**Tsung-Kuei Hsu**  
Assistant Auditor-Controller

May 9, 2023

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

RE: Authorize Auditor-Controller to Execute Contracts with Firms for Proposed  
Community Facility District Formation and Financing

Ladies and Gentlemen:

**Recommendation:**

The Auditor-Controller recommends that the Board of Supervisors authorize the following:

- (1) the Auditor-Controller to negotiate and execute all necessary contracts related to the proposed community facilities district formation and financing requested by Lennar Corporation (the "Developer") for certain subdivisions herein called "Carson Creek II" after each agreement has been approved by County Counsel and Risk Management; specifically, Jones Hall (Bond and Disclosure Counsel); Stifel, Nicolaus & Company (Underwriter); NBS Government Finance Group (NBS/GFG) (Special Tax Consultant); and other consultants, as needed; and
- (2) Authorize the Auditor-Controller to execute the Deposit and Reimbursement Agreement between El Dorado County and the Developer upon final approval by County Counsel and Risk Management; and
- (3) Authorize the Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to consider the Developer's request to begin the proceedings of forming and financing a new Mello Roos District.

**Reason for Recommendation:**

In accordance with the Heritage Carson Creek Village II Development Agreement (DA) adopted by the El Dorado County Board of Supervisors on August 10, 2021, the County is required to assist the Developer in obtaining community facilities district (CFD) financing for infrastructure needed for the Carson Creek subdivision. Further, the DA requires the Developer to establish a special tax on each lot in the subdivision for ambulance services and an estimated general fund shortfall of \$286 per lot. The County has received a request to consider the formation of Carson Creek II Community Facilities District, along with possible issuance of Mello Roos Bonds.

In the event that bonds are eventually sold by the County, the debt service payments will be exclusively the responsibility of the property owners in the proposed CFD. The only foreseeable circumstance that would make the County partially responsible for debt service payments or damages to bond investors would be if an error or omission is made by the County in the formation of the district, in the preparation of the offering statement, in the ongoing SEC required disclosures, or in the administration of the CFD.

In order to form a district and issue bonds an offering statement, in addition to many other legal documents, will have to be prepared. The actual amount of bonds sold would depend on the lien to value ratio calculated by the consultants and approved by the County. In order to proceed with these tasks, the County must contract with a bond and disclosure counsel, a bond underwriter, a special tax consultant, an appraiser, along with other specialized consultants. The County has used the consultants identified in the recommendation above in prior CFD formations and financing. These consultants have the experience needed to perform these specialized services.

The services provided by consultants for the Developer's request will provide efficiency and critical knowledge, and other providers of the goods/services cannot provide similar efficiencies or critical knowledge. These services are not to be in excess of \$100,000, and therefore in accordance with the County's Procurement Policy Section 3.4 are exempt from the competitive billing process.

In addition to contracting with the consultants, the first step in processing this Developer's request is to authorize the Deposit and Reimbursement Agreement between the County and the Developer. Pursuant to the Deposit and Reimbursement Agreement, the County will receive advance funding from the Developer to pay the consultants' invoices retained by the County to assist in the issuance of bonds.

Fiscal Impact:

This item will have no impact on the County General Fund. The contracts with underwriter and bond counsel will be contingent fee agreements. There will be no cost to the County unless the bonds are refunded, in which case the costs will be paid out of the proceeds from the bond sale. The cost of the pricing consultant and other consultants will be advanced by the Developer who would then be reimbursed with proceeds from the bond sale.

Board of Supervisors

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Action to be Taken Following Approval:

- (1) Authorize the Auditor-Controller to execute the Deposit and Reimbursement Agreement between El Dorado County and Developer in regards to the formation and possible financing of this proposed CFD upon final approval by County Counsel and Risk Management;
- (2) Make findings that services provided are eligible as a Single Source to be exempt from competitive bidding;
- (3) Authorize the Auditor-Controller negotiate and execute agreements and task orders with Jones Hall (Bond and Disclosure Counsel); Stifel, Nicolaus & Company (Underwriter); NBS Government Finance Group (NBS/GFG) (Special Tax Consultant) and other consultants, as needed;
- (4) Authorize the Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to consider all requests by Developer and take all necessary steps to prepare all documents required to form and finance the CFD or CFDs.

Sincerely,



Joe Harn  
Auditor-Controller

cc: Tiffany Schmid, Interim CAO