

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2015

NEW ISSUE

**SENIOR RATING: S&P: [["___" (___ Insured)]]
 JUNIOR (SUBORDINATE) BONDS NOT RATED
 See "RATINGS."**

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 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 imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS - Tax Exemption."

\$ _____ *
**County of El Dorado
 COMMUNITIES FACILITIES DISTRICT NO. 2001-1
 (Promontory Specific Plan)
 2015 Series A SENIOR LIEN
 SPECIAL TAX BONDS**

\$ _____ *
**County of El Dorado
 COMMUNITIES FACILITIES DISTRICT NO. 2001-1
 (Promontory Specific Plan)
 2015 Series B JUNIOR LIEN
 SPECIAL TAX BONDS**

Dated: Date of Delivery

Due: September 1, as shown on inside cover

The County of El Dorado Communities Facilities District No. 2001-1 (Promontory Specific Plan) 2015 Series A Senior Lien Special Tax Bonds (the "Senior Lien Bonds") and the County of El Dorado Communities Facilities District No. 2001-1 (Promontory Specific Plan) 2015 Series B Junior Lien Special Tax Bonds (the "Junior Lien Bonds", and together with the Senior Lien Bonds, the "Bonds") are being issued under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") and as to each series a separate Fiscal Agent Agreement, each dated as of August 1, 2015 (together, the "Fiscal Agent Agreements"), by and between the County of El Dorado (the "County") and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"), and are payable from proceeds of Special Taxes (as defined herein) levied on property within the County of El Dorado Communities Facilities District No. 2001-1 (Promontory Specific Plan) (the "District") according to the rate and method of apportionment of special tax approved by the qualified electors of the District and by the Board of Supervisors of the County, as legislative body of the District.

The Bonds are being issued to (i) refund the District's outstanding County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) Special Tax Bonds Series 2002 and Series 2005, (ii) establish debt service reserve fund for the Bonds and the Junior Lien Bonds, (iii) finance capital improvements of benefit to property in the District, and (iv) pay the costs of issuing the Bonds. See "FINANCING PLAN." The County will initially fund a reserve fund for the Senior Lien Bonds in the form of a debt service reserve insurance policy. See "SECURITY FOR THE BONDS - Reserve Funds."

Interest on the Bonds is payable on March 1, 2016, and semiannually thereafter on each March 1 and September 1. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. See "THE BONDS – General Bond Terms" and "APPENDIX F – DTC and the Book-Entry Only System."

The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE BONDS - Redemption."

The Bonds are special limited obligations of the County. The Senior Lien Bonds are payable from Special Tax Revenues (as defined herein), consisting primarily of the proceeds of special taxes levied and collected by the County on properties within the District, as described herein. The Junior Lien Bonds are payable from Surplus Special Tax Revenues (as defined herein), consisting primarily of Special Tax Revenues less amounts needed to pay principal of and interest on the Senior Lien Bonds.

OWNERSHIP OF THE JUNIOR LIEN BONDS IS SUBJECT TO A SIGNIFICANT DEGREE OF RISK. THE JUNIOR LIEN BONDS ARE NOT RATED BY ANY NATIONAL RATING AGENCY. ACCORDINGLY, THERE MAY BE A LIMITED TRADING MARKET FOR THE JUNIOR LIEN BONDS. POTENTIAL INVESTORS ARE ADVISED TO READ CAREFULLY THE SECTION ENTITLED "SPECIAL RISK FACTORS."

MATURITY SCHEDULE

(see inside cover)

The scheduled payment of principal of and interest on the Senior Lien Bonds when due will be guaranteed under an insurance policy issued concurrently with the delivery of the Senior Lien Bonds by _____. *No bond insurance is provided for the Junior Lien Bonds.*

[Insurer Logo]

THE BONDS, THE INTEREST THEREON, AND ANY PREMIUMS PAYABLE ON THE REDEMPTION OF ANY OF THE BONDS, ARE NOT AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE COUNTY (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN), THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. OTHER THAN THE SPECIAL TAXES, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE

BONDS ARE NOT A GENERAL OBLIGATION OF THE COUNTY, BUT ARE LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM THE SPECIAL TAXES AS MORE FULLY DESCRIBED HEREIN.

This cover page contains certain information for quick reference only. Potential investors must read this entire Official Statement to obtain information essential for making an informed investment decision. Investment in the Bonds involves risks that may not be appropriate for some investors. See "SPECIAL RISK FACTORS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued by the County and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall has also served as disclosure counsel to the County. Certain matters will be passed upon for the County by the County Counsel. Certain matters will be passed upon for the Underwriter by its counsel, Stradling, Yocca, Carlson & Rauth, Newport Beach, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about _____, 2015.

[Stifel logo]

The date of this Official Statement is: _____, 2015.

* Preliminary, subject to change.

DRAFT

MATURITY SCHEDULE

SERIES A SENIOR LIEN BONDS

\$ _____ Serial Bonds

| Maturity (September 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP† () |
|---------------------------|---------------------|------------------|-------|-------|---------------|
|---------------------------|---------------------|------------------|-------|-------|---------------|

\$ _____ Term Bonds

\$ _____ % Term Bond due September 1, _____, Price: _____%; CUSIP† _____
\$ _____ % Term Bond due September 1, _____, Price: _____%; CUSIP† _____

SERIES B JUNIOR LIEN BONDS

\$ _____ Term Bonds

\$ _____ % Term Bond due September 1, _____, Price: _____%; CUSIP† _____
\$ _____ % Term Bond due September 1, _____, Price: _____%; CUSIP† _____

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. None of the County, the District or the Underwriter make any representation as to the occurrence of the CUSIP information.

COUNTY OF EL DORADO, CALIFORNIA

Board of Supervisors

Ron Mikulaco, District No. 1
Shiva Frentzen, District No. 2
Michael Ranelli, District No. 4
Sue Novasel, District No. 5

County Officials

Karl Weiland, Assessor
Joe Harn, Auditor-Controller
Cherie Raffety, Treasurer-Tax Collector

County Staff

Pamela Knorr, Chief Administrative Officer
Robyn Truitt Drivon, County Counsel
Bard Lower, Director, Department of Transportation
Roger Trout, Director of Development Services
Steve Pedretti, Director of Community Development Agency

SPECIAL SERVICES

Bond Counsel

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San Francisco, California

District Administrator

NBS Government Finance Group
Temecula, California

Appraiser

Bender Rosenthal, Inc.
Sacramento, California

Fiscal Agent

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

Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 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 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority or the County, in any press release and in any oral statement made with the approval of an authorized officer of the Authority or the County, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions may 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 Authority or the County since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations 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 any of the foregoing. 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 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Involvement of Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its 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 or the Authority since the date hereof. All summaries of the Trust Agreement or other 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 OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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.

The County maintains an Internet website, but the information it contains is not incorporated in this Official Statement.

OFFICIAL STATEMENT

\$ _____ *
County of El Dorado
COMMUNITIES FACILITIES DISTRICT NO. 2001-1
(Promontory Specific Plan)
2015 Series A SENIOR LIEN
SPECIAL TAX BONDS

\$ _____ *
County of El Dorado
COMMUNITIES FACILITIES DISTRICT NO. 2001-1
(Promontory Specific Plan)
2015 Series B JUNIOR LIEN
SPECIAL TAX BONDS

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the "**Bonds**") to be issued by the County of El Dorado (the "**County**") on behalf of County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) (the "**District**").

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 the entire Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained throughout the Official Statement, including the cover page, inside cover and attached appendices, and documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Authority for Issuance of the Bonds. The Bonds are being 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**"); two separate Fiscal Agent Agreements, each dated as of February 1, 2015 (the "**Senior Lien Fiscal Agent Agreement**" and the "**Junior Lien Fiscal Agent Agreement**," and together, the "**Fiscal Agent Agreements**"), by and between the County and The Bank of New York Mellon Trust Company, N.A. (the "**Fiscal Agent**"); and Resolution No. _____ (the "**Resolution**") adopted on _____, 2015 by the Board of Supervisors of the County (the "**Board of Supervisors**"). The authorized amount of bonds for the District was set at a maximum of \$30,000,000, \$18,890,000 of which has been issued; additional bonds (including possible refunding bonds) are allowed to be issued in the future under the Fiscal Agent Agreements. See "THE BONDS – Additional Bonds."

* Preliminary, subject to change.

The County. The County is located in northern California adjacent to Sacramento County. For economic and demographic information regarding the area in and around the County, see APPENDIX A. The Bonds are not an obligation of the general fund of the County.

Description of the Bonds. The Bonds will be issued in denominations of \$5,000 or any integral multiple of \$5,000. Interest is payable semiannually on each March 1 and September 1, commencing March 1, 2016. See "THE BONDS."

The Bonds will be initially issued only in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which remits such payments to its Participants for subsequent distribution to the registered owners as shown on the Trustee's books.

Purpose of the Bonds. Proceeds of the Bonds will be used primarily to refund the outstanding County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) Special Tax Bonds Series 2002 (the "**2002 Bonds**") issued on April 30, 2002 in the original principal amount of \$10,940,000 and Series 2005 (the "**2005 Bonds**" and together with the 2002 Bonds, the "**Prior Bonds**") issued on December 28, 2005 in the original principal amount of \$7,950,000. Proceeds of the Prior Bonds were primarily used to finance the costs of constructing certain public infrastructure improvements necessary for development of property within the District, such proceeds have been expended for completed improvements. The Prior Bonds have an outstanding aggregate principal balance of \$_____ as of _____ 1, 2015. Proceeds of the Bonds will also be used to finance the cost of constructing certain public infrastructure improvements necessary for continued development of property within the District, to establish debt service reserve fund for the Junior Lien Bonds and to pay costs of issuance, including the premium on bond insurance and a debt service reserve fund surety bond for the Senior Lien Bonds. See "FINANCING PLAN."

Redemption of Bonds Before Maturity. The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE BONDS – Redemption."

Formation of the District. The District was formed in 2001 by resolutions of the Board of Supervisors of the County (the "**Board of Supervisors**"), as legislative body of the District, under the Mello-Roos Community Facilities Act of 1982, as amended (the "**Act**") following a public hearing and landowner election at which the qualified electors of the District authorized the County to incur bonded indebtedness for the District in an amount not to exceed \$30,000,000 and approved the levy of special taxes according to a Rate and Method of Apportionment (described herein). By further action of the Board of Supervisors, and an election held in the District on June 14, 2005, the Rate and Method was amended by Resolution No. 168-2005, adopted by the Board of Supervisors on June 14, 2005, and by a further election in the District conducted on June 24, 2014, which further amended the Rate and Method by Ordinance No. 5010 (as originally adopted and amended, the "**Ordinance**") adopted by the Board of Supervisors on June 24, 2014. The District was formed to finance infrastructure improvements necessary for development. See "THE DISTRICT – Infrastructure Improvements." To date, \$18,890,000 of the \$30,000,000 bond authorization for the District has been issued.

The District. The District is partially developed in an area of rolling hills and grasslands located in El Dorado County, California near U.S. Highway 50, approximately 23 miles east of Sacramento. The District consists of a portion of the area covered by the Promontory Specific

Plan (as described herein) adopted by the Board of Supervisors of the County (the "**Board**") providing for a master planned community known as "The Promontory" consisting of 11 residential villages approved under the Specific Plan for 1,070 residential units centered around a Village Center (the "**Development**"), as more fully described herein.

The District includes approximately 966 gross acres, mostly comprising the Development. Home construction began in 2002 but slowed during the market downturn. In 2013, home construction resumed. As of June 2015, the District included approximately 526 completed homes, 4 model homes, and over 28 homes currently under construction, including 3 additional model homes. Land in the District additionally includes undeveloped land expected to be developed consistent with the Specific Plan, mostly as single family residential, including lots in two subdivisions currently being marketed by merchant builders to prospective homebuyers. Land in the District also includes open space and public lands not subject to the Special Tax. Further development is entitled and development in the District is expected to continue as market conditions warrant. See "THE DISTRICT."

Security and Sources of Payment for the Bonds. The Board of Supervisors annually levies special taxes on the property in the District (the "**Special Taxes**") in accordance with the Rate and Method of Apportionment for County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) (as amended, the "**Rate and Method**"), which is attached as APPENDIX B to this Official Statement. The Senior Lien Bonds are secured by and payable from a first pledge of "**Special Tax Revenues.**" Special Tax Revenues are 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 and 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, the Ordinance and the Fiscal Agent Agreements. See "SECURITY FOR THE BONDS - Special Tax Methodology."

The Junior Lien Bonds are secured by and payable from a first pledge of "**Surplus Tax Revenues.**" Surplus Special Tax Revenues are those Special Tax Revenues transferred to the Fiscal Agent for the Junior Lien Bonds pursuant to the Senior Lien Fiscal Agent Agreement. Such amounts will be transferred on a semi-annual basis to the Fiscal Agent for the Junior Lien Bonds after the Fiscal Agent has set aside funds to pay (i) an amount necessary to pay principal or interest on the Senior Lien Bonds not paid when due, together with additional interest at rate of the Senior Lien Bonds to the expected date of payment from the date such payment was due, plus (ii) an amount, taking into account any amounts then on deposit in the Bond Fund for the Senior Lien Bonds, such that the amount in the Bond Fund for the Senior Lien Bonds equals the principal (including any mandatory sinking fund installment), premium, if any, and interest due on the Senior Lien Bonds on the next Interest Payment Date; and (iii) to the Reserve Fund for the Senior Lien Bonds an amount, taking into account amounts then on deposit in the Reserve Fund for the Senior Lien Bonds, so that the amount in the such fund equals the Reserve Requirement. See "SECURITY FOR THE BONDS."

Pursuant to the Act, the Resolution of Formation (as defined herein), and the Fiscal Agent Agreements, so long as any Bonds are outstanding, the County will annually levy the Special Tax against all land within the District taxable under the Act 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 Funds (as defined herein) as necessary. See "SECURITY FOR THE

BONDS - Special Taxes" herein.

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.

The County has also covenanted to cause foreclosure proceedings to be commenced and prosecuted in certain circumstances against certain parcels with delinquent installments of the Special Tax. (For a more detailed description of the foreclosure covenant see "SECURITY FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure").

Value Estimate of Property in the District. In connection with valuing property in the District, the County reports that the 2014-15 County assessed valuation (the "**Assessed Valuation**") of the property in the District is \$413,892,102. Based on an estimated issuance of \$_____ * [[plus outstanding 2002 Bonds and 2005 Bonds in the aggregate amount of \$_____ (for total bonds of the District in the amount of \$_____*)]], the ratio of such assessed valuation to the principal amount of the bonds of the District is approximately _____:1*. See "VALUE ESTIMATE OF PROPERTY WITHIN THE DISTRICT."

In order to provide an alternate valuation of certain undeveloped parcels in the District, the County additionally ordered an appraisal of such land (the "**Appraisal**") originally dated July 19, 2014 (with an update letter dated May 15, 2015, providing an updated valuation as of April 1, 2015), to be prepared by Bender Rosenthal, Inc., Sacramento, California (the "**Appraiser**"), as described herein under the caption "VALUE ESTIMATE OF PROPERTY WITHIN THE DISTRICT."

Debt Service Reserve Fund. A debt service reserve fund (the "**Reserve Fund**") will be established for each series of the Bonds in order to further secure the payment of their respective principal and interest. The County expects to utilize a reserve fund insurance policy in an amount equal to the "Reserve Requirement" (as defined herein) to be issued by _____ for the Senior Lien Bonds. See "SECURITY FOR THE BONDS - Reserve Funds."

Covenant to Foreclose. The County has covenanted in the Fiscal Agent Agreements to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

Risk Factors Associated with Purchasing the Bonds. Investment in the Bonds involves risks that may not be appropriate for some investors. Ownership of the Junior Lien Bonds is subject to a significant degree of risk. The Junior Lien Bonds are not rated by any national rating agency. Accordingly, there may be a limited trading market for the Junior Lien Bonds. See "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters discussed in this Official Statement, in evaluating the investment quality of the Bonds.

* Preliminary, subject to change.

FINANCING PLAN

Refunding Plan

The County issued the Prior Bonds for the purpose of financing a portion of the costs of acquiring and constructing certain public infrastructure improvements (the "**Facilities**"). The Facilities generally consist of water, wastewater, drainage, roadway and other infrastructure improvements necessary for residential development of property in the District. The Facilities financed by the Prior Bonds are complete.

Proceeds of the Bonds will be used primarily to refund the outstanding County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) Special Tax Bonds Series 2002 (the "**2002 Bonds**") issued on April 30, 2002 in the original principal amount of \$10,940,000 and Series 2005 in the original principal amount of \$7,950,000 (the "**2005 Bonds**") and together with the 2002 Bonds, the "**Prior Bonds**") issued on December 28, 2005. Proceeds of the Prior Bonds were used to finance a now completed portion of the Facilities. The Prior Bonds have an outstanding aggregate principal balance of \$_____ as of _____ 1, 2015.

A portion of the proceeds of the Bonds will also be used to provide reimbursement to the Developer (described herein) of a portion of the costs of constructing the Facilities not reimbursed from the Prior Bonds. Bond proceeds will also be used to establish a separate debt service reserve fund for each series of the Bonds and to pay costs of issuance.

The authorized amount of bonds for the District was set at a maximum of \$30,000,000, \$18,890,000 of which has been issued; additional bonds (including possible refunding bonds) are allowed to be issued in the future under the Fiscal Agent Agreements. For additional information about the formation of the District and its bonding capacity, see "THE BONDS – Authority for Issuance."

The outstanding Prior Bonds will be redeemed in full on September 1, 2015 (the "**Redemption Date**"), at a redemption price equal to 100% of their principal amount, together with interest thereon to the Redemption Date. Upon delivery of the Bonds, the County will direct the fiscal agent for the Prior Bonds to utilize a portion of the proceeds of the Bonds to pay the principal of and interest on the Prior Bonds on the Redemption Date.

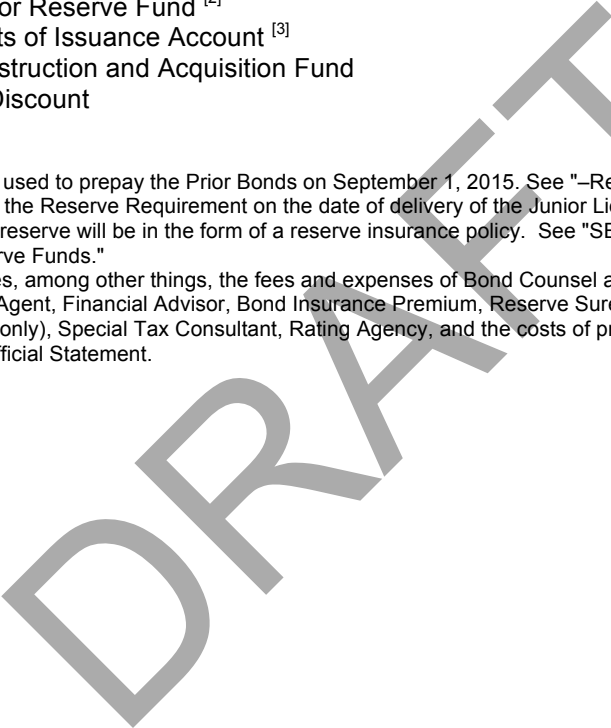
Estimated Sources and Uses of Funds

The sources and uses of funds relating to the Bonds are shown below.

Senior Lien Bonds:

| <u>Sources</u> | Senior Lien Bonds | Junior Lien Bonds |
|---|----------------------|----------------------|
| Principal Amount of Bonds | | |
| <i>Plus: Net Premium</i> | | |
| <i>Plus: Funds Related to Prior Bonds</i> | | |
| <i>Total Sources</i> | | |
| | | |
| <u>Uses</u> | | |
| Refunding of Prior Bonds ^[1] | | |
| Deposit to Junior Reserve Fund ^[2] | | |
| Deposit to Costs of Issuance Account ^[3] | | |
| Deposit to Construction and Acquisition Fund | | |
| Underwriter's Discount | | |
| <i>Total Uses</i> | | |

[1] Will be used to prepay the Prior Bonds on September 1, 2015. See "-Refunding Plan" above.
 [2] Equals the Reserve Requirement on the date of delivery of the Junior Lien Bonds; the Senior Lien Bonds reserve will be in the form of a reserve insurance policy. See "SECURITY FOR THE BONDS - Reserve Funds."
 [3] Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, Fiscal Agent, Financial Advisor, Bond Insurance Premium, Reserve Surety premium (Senior Lien Bonds only), Special Tax Consultant, Rating Agency, and the costs of printing the preliminary and final Official Statement.



THE BONDS

This section generally describes certain of the terms of the Bonds contained in the Fiscal Agent Agreements.

Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreements, approved by a resolution adopted by the Board of Supervisors on _____, 2015, and the Act.

The District was formed pursuant to the Act and Resolution No. 181-2001, adopted by the Board on June 26, 2001 (the "**Resolution of Formation**") ordering the formation of the District and calling an election on the levying of a special tax within the District. On June 26, 2001, the Board also adopted its Resolution No. 182-2001 (the "**Bond Resolution**") authorizing the issuance of bonds in an amount not to exceed \$30,000,000. On June 26, 2001, at a qualified landowner election (described below) conducted by special mailed ballot pursuant to the Act, AKT Development (predecessor in interest to the Master Developer), Russell-Promontory, US Home and Reynen & Bardis, as the qualified electors within the boundaries of the District, authorized the issuance of not to exceed \$30,000,000 principal amount of special tax bonds and approved 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, funding the Reserve Fund, paying costs of issuance and paying the administrative expenses of the District. A Notice of Special Tax Lien was recorded in the Official Records of the County on January 22, 2002. Thereupon, the lien of the Special Tax attached pursuant to the Act.

Description of the Bonds

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**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. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the 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 Bonds.

Payments of the principal, premium, if any, and interest on the 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 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 in APPENDIX F to this Official Statement.

The Bonds will be dated as of, and bear interest from, the date of their delivery at the rates contained, and mature in the amounts and years shown on the inside cover page of this Official Statement.

The principal of, and any redemption premium due with respect to, the Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in San Francisco, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the Bonds. Interest on the Bonds, computed on the basis of a 360-day year consisting of twelve 30-day months, will be paid in lawful money of the

United States of America semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2016.

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Dates 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 15th day of the calendar month preceding the Interest Payment Date (the "**Record 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 Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable by the Fiscal Agent, to DTC. See "APPENDIX F – DTC and the Book-Entry Only System."

Each 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 Bond, interest is in default thereon, such 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 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 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 – DTC and the Book-Entry Only System."

Redemption

Optional Redemption. Bonds within each series are subject to redemption prior to their stated maturities, at the option of the County, from any source of available funds, other than prepayments of Special Taxes, in whole, or in part among maturities on a pro rata basis among the Bonds of the series redeemed and by lot within a maturity, on any Interest Payment Date on or after September 1, _____, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

| Redemption Dates | Redemption Price |
|---------------------------------------|------------------|
| March 1, _____ and September 1, _____ | ____% |
| March 1, _____ and September 1, _____ | ____ |
| March 1, _____ and thereafter | ____ |

Redemption From Prepayments of Special Tax. Bonds within each series are also subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part among the Bonds of the series redeemed and by lot within a maturity, on September 1, 2015 or on any Interest Payment Date thereafter, at the following respective

redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

| Redemption Dates | Redemption Price |
|---|------------------|
| September 1, 2015 and Interest Payment Dates through September 1, _____ | ____% |
| March 1, _____ and September 1, _____ | ____ |
| September 1, _____ and thereafter | ____ |

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

| Term Senior Lien Bonds of _____ | |
|--|----------------------|
| Mandatory Redemption Date (September 1) | Sinking Fund Payment |
| | |

| Term Senior Lien Bonds of _____ | |
|--|----------------------|
| Mandatory Redemption Date (September 1) | Sinking Fund Payment |
| | |

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

Term Junior Lien Bonds of _____

| Mandatory Redemption Date (September 1) | Sinking Fund Payment |
|---|-------------------------|
|---|-------------------------|

Term Junior Lien Bonds of _____

| Mandatory Redemption Date (September 1) | Sinking Fund Payment |
|---|-------------------------|
|---|-------------------------|

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

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 Bonds be purchased at a price in excess of their principal amount, plus interest accrued to the date of purchase.

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 30 days but not more than 60 days prior to the date fixed for redemption, to the MSRB, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be 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 Bonds.

The 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, will designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or will state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, will state as to any Bond called in part the principal amount thereof to be redeemed, and will require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and will state that further interest on such Bonds will not accrue from and after the redemption date. Any notice of redemption may indicate that such redemption will be conditional upon the Fiscal

Agent having sufficient moneys available on the date specified to cause the redemption to occur as provided in the notice.

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

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Whenever provision is made in the Fiscal Agent Agreements for the redemption of less than all of the Bonds of any maturity, the Fiscal Agent will select the Bonds to be redeemed, from all Bonds or such given portion thereof of such maturity by lot in any manner which the Fiscal Agent in its sole discretion will deem appropriate. Upon surrender of Bonds redeemed in part only, the County will execute and the Fiscal Agent will authenticate and deliver to the registered Owner a new Bond or 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 will have been deposited in the Bond Fund, the Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreements other than the right to receive payment of the redemption price, and no interest will accrue on the called Bonds on or after the redemption date specified in the notice.

Transfer or Exchange of Bonds

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "Appendix F." 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(s) will be surrendered for transfer or exchange, the County will execute and the Fiscal Agent will authenticate and deliver a new Bond(s), for a like aggregate principal amount of Bond(s) of authorized denominations and of the same maturity. The County will pay the cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange. 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 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after that Bond has been selected for redemption.

SECURITY FOR THE BONDS

General

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

The Senior Lien Bonds are secured by and payable from a first pledge of "**Special Tax Revenues.**" Special Tax Revenues are 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 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, the Ordinance and the Fiscal Agent Agreements.

The Senior Lien Bonds are further secured by a first pledge of all moneys deposited in the Senior Lien Bond Fund and the Senior Lien Reserve Fund (which will be funded in the form of a debt service reserve insurance policy), both of which are established for the Senior Lien Bonds under the Senior Lien Fiscal Agent Agreement. Furthermore, on a semi-annual basis, until disbursed as provided in the Senior Lien Fiscal Agent Agreement, the Senior Lien 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 Senior Lien Bonds as provided Senior Lien Fiscal Agent Agreement and, on a subordinate basis, to the payment of the principal of, and interest and any premium on, the Junior Lien Bonds as provided Junior Lien Fiscal Agent Agreement, and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities (as defined in the Senior Lien Fiscal Agent Agreement) have been set aside irrevocably for that purpose.

The Junior Lien Bonds are secured by and payable from a first pledge of "**Surplus Tax Revenues.**" Surplus Special Tax Revenues are those Special Tax Revenues in the Bond Fund for the Senior Lien Bonds available, on a semi-annual basis, after payment of the Senior Lien Bonds, to the Fiscal Agent for the Junior Lien Bonds pursuant to the Senior Lien Fiscal Agent Agreement. Such amounts will be transferred to the Fiscal Agent for the Junior Lien Bonds after the Fiscal Agent has set aside, on a semi-annual basis, funds to pay (i) an amount necessary to pay any principal or interest on the Senior Lien Bonds not paid when due, together with additional interest at rate of the Senior Lien Bonds to the expected date of payment from the date such payment was due, plus (ii) an amount, taking into account any amounts then on deposit in the Bond Fund for the Senior Lien Bonds, such that the amount in the Bond Fund for the Senior Lien Bonds equals the principal (including any mandatory sinking fund installment), premium, if any, and interest due on the Senior Lien Bonds on the next Interest Payment Date; and (iii) to the Reserve Fund for the Senior Lien Bonds an amount, taking into account amounts then on deposit in the Reserve Fund for the Senior Lien Bonds, so that the amount in the such fund equals the Reserve Requirement.

The Junior Lien Bonds are further secured by a first pledge of all of all moneys deposited in the Junior Lien Bond Fund and the Junior Lien Reserve Fund, both of which are established for the Junior Lien Bonds under the Junior Lien Fiscal Agent Agreement. Furthermore, until disbursed as provided in the Senior Lien Fiscal Agent Agreement, the Junior Lien Bonds shall be secured by a pledge of all moneys in the Special Tax Fund, subordinate to the Senior Lien

Bonds. The Surplus 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 Junior Lien Bonds as provided Junior Lien Fiscal Agent Agreement and in the Act until all of the Junior Lien Bonds have been paid and retired or until moneys or Federal Securities (as defined in the Junior Lien Fiscal Agent Agreement) have been set aside irrevocably for that purpose.

Amounts in the Costs of Issuance Funds established for Senior Lien Bonds and the Junior Lien Bonds and the Administrative Expense Fund established under the Senior Lien Fiscal Agent Agreement are not pledged to the repayment of the Bonds. The Facilities financed with the proceeds of the Prior Bonds are not in any way pledged to pay the debt service on 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 Agreements.

Special Taxes

The County has covenanted in the Fiscal Agent Agreements to comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes. The Fiscal Agent Agreements provide 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.

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 Economic & Planning Systems, Sacramento, California and a First Amendment to the Rate and Method, prepared by NBS, Temecula, California (the "**Special Tax Consultant**") and set forth in APPENDIX B hereto for all taxable properties in the District. 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 Agreements (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. See "Special Tax Methodology" below and "APPENDIX B - 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 Agreements 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 Agreements, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreements. 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 B - Rate and Method of Apportionment."

The County has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay 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 B - Rate and Method of Apportionment." As a result of an election of the affected property owners conducted on June 14, 2005, the Rate and Method of Apportionment was amended and restated by Resolution No. 168-2014, adopted by the Board of Supervisors on June 14, 2005, and by a further election of the affected property owners conducted on June 24, 2014, the 2005 Rate and Method of Apportionment was amended (as amended, the "**Rate and Method of Apportionment**") by Ordinance No. 5010, adopted by the Board of Supervisors on July 15, 2014.

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 following the list of authorized Facilities in APPENDIX A. Capitalized terms not otherwise defined herein have the meanings ascribed to them in APPENDIX B.

The Rate and Method provides that the Special Tax levy each fiscal year is calculated by first determining the "Annual Costs" for the fiscal year. Annual Costs are defined in the Rate and Method to be the total of (i) debt service for the calendar year commencing January 1 for such fiscal year through December 31 of the following fiscal year; (ii) administrative expenses for such fiscal year, (iii) any amounts needed to replenish the Reserve Fund; and (iv) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous fiscal year and an amount for anticipated delinquencies for the current fiscal year, less any credit from earnings on the Reserve Funds, less credit for applicable development fees, less any reimbursements, and/or less any funds available from prepaid Special Taxes (see "Satisfaction of Special Tax" below). In calculating the estimated Annual Costs used in determining the Maximum Annual Special Tax, certain assumptions were used and such assumptions are described under the caption "Special Tax Analysis" below.

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. (i) 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 streets, schools, parks, drainageways, water storage tanks, sewer lift stations, landscaping, greenbelts and open space, (ii) parcels that have paid the Special Tax at the Developed Parcel rate for 30 years, and thus have been classified as "Veteran Parcels," (iii) parcels on which the Special Taxes have been prepaid as described below, and (iv) certain privately owned parcels comprising common areas, wetlands, and open space.

Each year, taxable parcels are divided into (i) developed parcels, being single family residential parcels under an approved final subdivision map, multi-family residential parcels, residential condominium, or commercial land parcels under an approved building permit, and parcels located in Villages 1, 2, 3, 6-2 and 6-3, and certain parcels which have been designated developed at the request of the property owner, pursuant to an approved Redesignation Request as of February 2015, specifically, parcels within Villages 7-1 & 8, Lot D-1 & Lot H (together, the "Developed Parcels"), (ii) parcels delineated on a large lot subdivision map ("Large Lot Parcels"), and (iii) parcels in the District that existed at the time of formation of the District ("Original Parcels"). Developed Parcels classified as commercial and other non-residential uses are assigned a Maximum Annual Special Tax per net acre calculated based on Attachment 1 to the Rate and Method. See "APPENDIX B."

The Rate and Method established the Maximum Annual Special Tax rates for all land uses for the 2001-02 base fiscal year, increasing annually through the fiscal year beginning July 1, 2016, at a rate of 2% per year. See Table 1 ("Maximum Special Tax Rates and Fiscal Year 2014-15 and Fiscal Year 2015-16 Levy") on the following page.

The aggregate Special Tax imposed on all taxable parcels until fiscal year 2012 was 100% of the aggregate Maximum Annual Special Tax for Developed Parcels, together with any additional amounts levied against other taxable parcels, up to an amount equal to Annual Costs. If the aggregate Maximum Annual Special Tax levied against Developed Parcels was an amount greater than Annual Costs, those amounts not needed to pay Annual Costs were used to fund "pay-as-you-go" expenditures for authorized facilities, or to redeem Bonds prior to their maturity. Beginning in fiscal year 2013, the aggregate Special Tax imposed on all taxable parcels in a particular year is the lesser of Annual Costs or the aggregate of the Maximum Annual Special Taxes that may be imposed on all parcels. Because the Bonds will include a component for additional Facilities, Annual Costs are expected to increase in Fiscal Year 2015-16.

The Special Tax is further allocated among parcel categories as follows. If Annual Costs are less than or equal to 100% of the aggregate Maximum Annual Special Taxes for all Developed Parcels, only Developed Parcels will be taxed, with the Special Tax levy being decreased proportionately among Developed Parcels to the extent Annual Costs are lower than the Maximum Annual Special Tax for all Developed Parcels. Annual Costs in excess of 100% of the aggregate Maximum Annual Special Taxes for all Developed Parcels will be allocated (1) first, to Large Lot Parcels until 100% of the Maximum Annual Special Tax is reached for such parcels, and (ii) second, to Original Parcels until 100% of the Maximum Annual Special Tax is reached for such parcels.

The initial Maximum Annual Special Tax as prescribed by the Rate and Method, and reflecting the amendments which occurred in 2005 and 2014, is shown below. The Maximum

Annual Special Taxes for all parcels are increased annually through the fiscal year beginning July 1, 2016, at a rate of 2% per year.

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TABLE 1
COUNTY OF EL DORADO
Community Facilities District No. 2001-1 (Promontory Specific Plan)
Special Tax Bonds Series 2015
Fiscal Year 2014-15 and 2015-16 Maximum Special Tax Rates and Levy

| <u>Village</u> | <u>Original Planned Lots</u> | | <u>Base Year Max Tax Per Unit</u> | <u>FY 2014-15 Max Tax Per Unit</u> | <u>FY 2014-15 Actual Tax Levy</u> | | <u>FY 2015-16 Max Tax Per Unit</u> | <u>FY 2015-16 Anticipated Tax Levy</u> | | (3) |
|----------------------------|--------------------------------------|-----|---|--|---------------------------------------|---------------------|--|--|---------------------|-----|
| | | | | | <u>Per Unit</u> | <u>In Aggregate</u> | | <u>Per Unit</u> | <u>In Aggregate</u> | |
| 1 | 93 | (1) | \$1,680 | \$2,173 | \$1,629 | \$151,467 | \$2,217 | \$2,041 | \$189,844 | |
| 2 | 91 | (2) | 1,680 | 2,173 | 1,629 | 143,324 | 2,217 | 2,041 | 179,638 | |
| 3 | 176 | | 1,560 | 2,018 | 1,512 | 266,172 | 2,058 | 1,896 | 333,613 | |
| 4 | 142 | | 1,800 | 2,328 | 1,745 | 247,793 | 2,375 | 2,187 | 310,575 | |
| 5 | 124 | | 1,800 | 2,328 | 1,745 | 216,382 | 2,375 | 2,187 | 271,206 | |
| 6-2 | 90 | | 1,800 | 2,328 | 1,745 | 157,052 | 2,375 | 2,187 | 196,843 | |
| 6-3 | 35 | | 1,800 | 2,328 | 1,745 | 61,076 | 2,375 | 2,187 | 76,550 | |
| 7-1 | 24 | | 1,400 | 1,811 | 1,357 | 32,574 | 1,847 | 1,701 | 40,827 | |
| 7-2 | 104 | | 1,800 | 2,328 | n/a | - | 2,375 | n/a | - | |
| 8 | 63 | | 1,800 | 2,328 | 1,745 | 109,936 | 2,375 | 2,187 | 137,790 | |
| Village Center | | | | | | | | | | |
| Lot D-1 | 63 | | 820 | 1,061 | 795 | 50,081 | 1,082 | 996 | 62,771 | |
| Lot H | 64 | | 820 | 1,061 | 795 | 50,876 | 1,082 | 996 | 63,767 | |
| Condominiums | | | 600 | 776 | - | - | 792 | - | - | |
| Multi-family | | | 300 | 388 | - | - | 396 | - | - | |
| | | | <u>Per Acre</u> | <u>Per Acre</u> | <u>Per Acre</u> | | <u>Per Acre</u> | <u>Per Acre</u> | | |
| Commercial/Non-Residential | | | \$4,000 | \$5,174 | \$- | - | \$5,174 | \$- | - | |
| Large Lot Parcels | | | 2,225 | 2,878 | - | - | 2,878 | - | - | |
| Original Parcels | | | 1,850 | 2,393 | - | - | 2,393 | - | - | |
| | | | | | | \$1,486,733 | | | \$1,863,425 | |

(1) Two lots were merged.

(2) Based on 88 currently planned homes.

(3) Reflects expected issuance of remaining new money authorization.

Source: NBS Government Group.

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 B.”

Pursuant to the Fiscal Agent Agreements, the County is required to transfer any amounts received as prepayments of the Special Tax to the Fiscal Agent in order to redeem Bonds or portions thereof in authorized denominations on any Interest Payment Date as more fully described herein under “SECURITY FOR THE BONDS.” See also “THE BONDS - Redemption.”

As of _____ 1, 2015, _____ individually owned parcels in the District had prepaid their portion of the Special Tax in full.

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 “THE DISTRICT - Direct and Overlapping Governmental Obligations”). 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, unless another procedure has been authorized in the resolution of formation. 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. The Fiscal Agent Agreements provide for the Special Taxes to appear 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 Agreements also authorize 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 "THE DISTRICT - Direct and Overlapping Governmental Obligations."

Pursuant to the Fiscal Agent Agreements, 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 Agreements.

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. The County will, not later than the succeeding December 1 institute civil actions to foreclose the lien of the Special Tax against all parcels delinquent in the amount of \$1,000 or more (excluding penalties and interest) and thereafter will vigorously prosecute the same to completion. Pursuant to the Fiscal Agent Agreements, in the event that the total amount collected is less than 95% of the total amount of the Special Taxes levied in such Fiscal Year, the County will also, not later than the succeeding December 1, institute civil actions to foreclose the lien of the Special Tax against all delinquent parcels, and thereafter will vigorously prosecute the same to completion.

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 postjudgment 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 its 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 Special Tax, the Board may adjust the Special Tax levied on all property within the District, subject to the Maximum Annual 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 Required Bond Reserve, and the amount required to pay all current annual expenses. There is, however, no assurance that the Maximum Annual Special Tax, or that collections of the Special Tax at such Maximum Annual Special Tax rates, will be at all times sufficient to pay the amounts required to be paid by the Fiscal Agent Agreements. See "SPECIAL RISK FACTORS - Maximum Annual Special Tax Rates."

Prior to July 1, 1983, the right of redemption from foreclosure sale was limited to a period of one year from the date of sale. Under legislation effective July 1, 1983, the statutory right of redemption from foreclosure sale where there is no right to a deficiency judgment was repealed. However, 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 can not 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 District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid,"

where the District 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 District becomes the purchaser under a credit bid, the District 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 foreclosure sale proceeds or when foreclosure sale proceeds would be received. The County has covenanted in the Fiscal Agent Agreements 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 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 FOR THE BONDS – Special Tax Methodology.” 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. 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.”

Reserve Funds

In order to further secure the payment of principal of and interest on the Bonds, a separate Reserve Fund, to be held by the Fiscal Agent, will be established for the Senior Lien Bonds and the Junior Lien Bonds pursuant to each respective Fiscal Agent Agreement. The amount on deposit in each Reserve Fund will be established in the amount of the “**Reserve Requirement**” for each Series of Bonds, which, for the Senior Lien Bonds, is the least of [10]% of the initial offering price to the public of the Senior Lien Bonds, 100% of maximum annual debt service on the Senior Lien Bonds, or 125% of average annual debt service as of the date of issuance of the Senior Lien Bonds, and for the Junior Lien Bonds, is the least of 10% of the initial offering price to the public of the Junior Lien Bonds, 100% of maximum annual debt service on the Junior Lien Bonds, or 125% of average annual debt service as of the date of issuance of the Junior Lien Bonds.

On the date of issuance of the Bonds, the County will purchase a Qualified Reserve Account Credit Instrument in the form of a reserve fund insurance policy issued by _____ in the amount of the Reserve Requirement for the Senior Lien Bonds. The

Reserve Requirement for the Junior Lien Bonds, will initially be met in cash generated from proceeds of the Junior Lien Bonds.

The County is required to maintain an amount of money or other security equal to the Reserve Requirement in each Reserve Fund 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 respective Bond Fund in the event of any deficiency at any time in such Bond Fund of the amount then required for payment of the principal of, and interest on, the respective Series of Bonds. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the County.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the Fiscal Agent will transfer an amount equal to the excess from the respective Reserve Fund to the respective Bond Fund or the Improvement Fund as provided below, 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 Funds will be invested and deposited in accordance with the Fiscal Agent Agreements. Interest earnings and profits resulting from the investment of moneys in the Reserve Funds and other moneys in the Reserve Fund will remain therein until the balance exceeds the respective Reserve Requirement; any amounts in excess of the Reserve Requirement will be transferred to the respective Bond Fund to be used for the payment of the principal of and interest on the respective Bonds in accordance with the Fiscal Agent Agreements.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding respective Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, and make any other transfer required under the Fiscal Agent Agreements, the Fiscal Agent will transfer the amount in the Reserve Fund to the respective Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding respective Bonds. If the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding respective Bonds, the balance in the Reserve Fund will be transferred to the County, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the County.

Special Tax Fund

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

Disbursements. As soon as practicable after the receipt by the County of any Special Tax Revenues or the transfer of amounts for Administrative Expenses, but no later than 10

business days after such receipt or transfer, the Treasurer-Tax Collector shall withdraw from the Special Tax Fund and transfer to the Fiscal Agent for deposit in the Bond Fund for the Senior Lien Bonds, (a) an amount necessary to pay any principal or interest on the Bonds and Junior Lien Bonds not paid when due, together with additional interest at 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 each respective Bond Fund for the Bonds and the Junior Lien Bonds, such that the amount in each respective Bond Fund equals the principal, premium, if any, and interest next due on the Bonds and the Junior Lien Bonds, together with any amounts needed for replenishment of the Junior Lien Bonds Reserve Fund.

Bond Fund

Senior Lien Bond Fund. Moneys in the Senior Lien Bond Fund established pursuant to the Senior Lien Fiscal Agent Agreement will be held by the Fiscal Agent for the benefit of the County and the Owners of the Senior Lien Bonds and will be disbursed as follows:

- (i) 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Treasurer-Tax Collector in writing as to the principal and premium, if any, and interest due on the Senior Lien Bonds on the next Interest Payment Date.
- (ii) 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 Senior Lien Bonds on the next Interest Payment Date.
- (iii) On each Interest Payment Date, the Fiscal Agent will withdraw from the Senior Lien Bond Fund and pay to the Owners of the Senior Lien Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Senior Lien Bonds.
- (iv) 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 Senior Lien Reserve Fund to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Senior Lien Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Senior Lien Bond Fund.
- (v) 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, and then to payment of principal due on the bonds by reason of sinking payments.
- (vi) Any excess moneys remaining in the Senior Lien Bond Fund following the payment of debt service on the Senior Lien Bonds, will on an annual basis be transferred to the Junior Lien Fiscal Agent for deposit in the Bond Fund established under the Junior Lien Fiscal Agent Agreement, for payment of the Junior Lien Bonds in accordance with the Junior Lien Fiscal Agent Agreement.

Junior Lien Bond Fund. Moneys in the Junior Lien Bond Fund established pursuant to the Junior Lien Fiscal Agent Agreement will be held by the Fiscal Agent for the benefit of the County and the Owners of the Junior Lien Bonds and will be disbursed as follows:

(i) 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Treasurer-Tax Collector in writing as to the principal and premium, if any, and interest due on the Junior Lien Bonds on the next Interest Payment Date.

(ii) 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 Junior Lien Bonds on the next Interest Payment Date.

(iii) On each Interest Payment Date, the Fiscal Agent will withdraw from the Junior Lien Bond Fund and pay to the Owners of the Junior Lien Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Junior Lien Bonds.

(iv) 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 Junior Lien Reserve Fund to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Junior Lien Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Junior Lien Bond Fund.

(v) 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, and then to payment of principal due on the bonds by reason of sinking payments.

(vi) Any excess moneys remaining in the Junior Lien Bond Fund following the payment of debt service on the Junior Lien Bonds and following the transfer of amounts, if any, necessary to make the Reserve Fund for the Junior Lien Bonds equal the Reserve Requirement; and any balance shall be transferred to the County for deposit in the Special Tax Fund.

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

Deposit and Use of Proceeds of Bonds

The Bonds are additionally secured by amounts generated from proceeds of the Bonds, together with interest earnings thereon pledged under the respective Fiscal Agent Agreement. The proceeds of the Bonds will be paid to the Fiscal Agent, who will deposit such proceeds in the respective Reserve Fund, Bond Fund and Costs of Issuance Fund established under each Fiscal Agent Agreement. The Fiscal Agent Agreements include direction on the use of the moneys, including investment earnings thereon, in the various funds established under the Fiscal Agent Agreements. See "Reserve Funds" below.

Additional Bonds

Additional Senior Lien Bonds. The Board of Supervisors may issue Additional Senior Lien Bonds secured by a lien and charge upon the Special Tax and the respective funds and accounts established under the Senior Lien Fiscal Agent Agreement equal to and on a parity with the lien and charge securing the Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds issued, upon satisfaction of specific conditions, which include a condition that the Fiscal Agent shall have received a certificate of the County's special tax consultant to the effect that the following additional conditions are satisfied:

(i) The proceeds that would have been available to the County if the Special Tax had been levied and collected at the Maximum Annual Special Tax rates and amounts on all Taxable Parcels in the Community Facilities District based upon the Rate and Method of Apportionment are equal to at least 110% of Debt Service on all Outstanding Senior Lien Bonds in each Bond Year after the issuance of the Additional Bonds; and with respect to the period of time preceding the receipt of proceeds of the Special Tax calculated in accordance with the Rate and Method of Apportionment, the proceeds of the Special Tax anticipated to be available to the County during such period plus other revenue, if any, including but not limited to capitalized interest, legally available for payment of Debt Service on the Outstanding Senior Lien Bonds, identified in the Supplemental Fiscal Agent Agreement authorizing the issuance of the Additional Senior Lien Bonds, and as shown by a Certificate of the County on file with the Fiscal Agent, shall be equal to at least 100% of the Debt Service payable on all Outstanding Senior Lien Bonds during such period; and

(ii) The fair market value of the Taxable Parcels (including the then-existing private improvements thereon), as determined by assessed valuation as shown on the most recent equalized assessment roll of the El Dorado County Assessor or by an MAI appraisal is an amount equal to at least three times the sum of (1) the aggregate principal amount of all Outstanding Senior Lien Bonds and Junior Lien Bonds following issuance of the Additional Bonds plus (2) the aggregate principal amount of all special assessment bonds then outstanding and payable from special assessments levied on the Taxable Parcels plus (3) the proportion of the aggregate principal amount of any other special tax bonds issued under the Act and then outstanding which are payable from special taxes to be levied on the Taxable Parcels.

The foregoing provisions shall not apply to the issuance of any series of Additional Senior Lien Bonds under the following circumstances:

(i) Following the issuance and delivery of the Additional Senior Lien Bonds, none of the Senior Lien Bonds previously issued, exclusive of the Additional Senior Lien Bonds, shall remain Outstanding; or

(ii) Following the issuance and delivery of the Additional Senior Lien Bonds, there will be no increase in Debt Service on the Outstanding Senior Lien Bonds, including the Additional Senior Lien Bonds, by reason of issuance of the Additional Senior Lien Bonds, in any Bond Year to and including the Bond Year of the scheduled retirement of the last maturing Outstanding Senior Lien Bonds.

The County may issue one or more series of special tax bonds of the CFD, within the limitation of \$30,000,000 in principal amount of special tax bonds of the CFD, which are secured by the proceeds of the Special Tax on a subordinated basis to the Senior Lien Bonds and any Additional Senior Lien Bonds.

Additional Junior Lien Bonds. The Board of Supervisors may issue Additional Junior Lien Bonds secured by a lien and charge upon the Special Tax and the respective funds and accounts established under the Junior Lien Fiscal Agent Agreement equal to and on a parity with the lien and charge securing the Outstanding Junior Lien Bonds and any Additional Junior Lien Bonds issued, upon satisfaction of the following specific conditions, which include a condition that the Fiscal Agent shall have received a certificate of the County's special tax consultant to the effect that the following additional conditions are satisfied:

(i) The proceeds that would have been available to the County if the Special Tax had been levied and collected at the Maximum Annual Special Tax rates and amounts on all Taxable Parcels in the Community Facilities District based upon the Rate and Method of Apportionment are equal to at least 110% of Debt Service on all Outstanding Junior Lien Bonds and Senior Lien Bonds in each Bond Year after the issuance of the Additional Junior Lien Bonds; and with respect to the period of time preceding the receipt of proceeds of the Special Tax calculated in accordance with the Rate and Method of Apportionment, the proceeds of the Special Tax anticipated to be available to the County during such period plus other revenue, if any, including but not limited to capitalized interest, legally available for payment of Debt Service on the Outstanding Junior Lien Bonds, identified in the Supplemental Fiscal Agent Agreement authorizing the issuance of the Additional Bonds, and as shown by a Certificate of the County on file with the Fiscal Agent, shall be equal to at least 100% of the Debt Service payable on all Outstanding Junior Lien Bonds during such period; and

(ii) The fair market value of the Taxable Parcels (including the then-existing private improvements thereon), as determined by assessed valuation as shown on the most recent equalized assessment roll of the El Dorado County Assessor or by an MAI appraisal is an amount equal to at least three times the sum of (1) the aggregate principal amount of all Outstanding Junior Lien Bonds and Senior Lien Bonds following issuance of the Additional Bonds plus (2) the aggregate principal amount of all special assessment bonds then outstanding and payable from special assessments levied on the Taxable Parcels plus (3) the proportion of the aggregate principal amount of any other special tax bonds issued under the Act and then outstanding which are payable from special taxes to be levied on the Taxable Parcels.

The foregoing provisions above shall not apply to the issuance of any series of Additional Junior Lien Bonds under the following circumstances:

(i) Following the issuance and delivery of the Additional Junior Lien Bonds, none of the Junior Lien Bonds previously issued, exclusive of the Additional Junior Lien Bonds, shall remain Outstanding; or

(ii) Following the issuance and delivery of the Additional Junior Lien Bonds, there will be no increase in Debt Service on the Outstanding Junior Lien Bonds, including the Additional Junior Lien Bonds, by reason of issuance of the Additional Junior Lien Bonds, in any Bond Year to and including the Bond Year of the scheduled retirement of the last maturing Outstanding Junior Lien Bonds.

The County may issue one or more series of special tax bonds of the CFD, within the limitation of \$30,000,000 in principal amount of special tax bonds of the CFD, which are secured by the proceeds of the Special Tax on a subordinated basis to the Junior Lien Bonds and any Additional Junior Lien Bonds.

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SENIOR LIEN BOND INSURANCE

Bond Insurance Policy. Concurrently with the issuance of the Senior Lien Bonds, _____ (“_____” or the “**Bond Insurer**”) will issue its Municipal Bond Insurance Policy for the Senior Lien Bonds (the “**Policy**”). The Policy guarantees the scheduled payment of principal of and interest on the Senior Lien Bonds when due as set forth in the form of such Policy included as Appendix G to this Official Statement. **No bond insurance is provided for the Junior Lien Bonds.**

[to come from insurer]

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DEBT SERVICE SCHEDULES

The following tables show annual debt service on the Bonds, assuming no optional redemption or special mandatory redemption from prepaid Special Taxes.

**TABLE 2
COUNTY OF EL DORADO
Community Facilities District No. 2001-1 (Promontory Specific Plan)
Special Tax Bonds Series 2015
Debt Service- 2015 Senior Lien Bonds
2015 Senior and Junior Refunding Bonds**

| Year Ending (Sept. 1) | Senior Bonds Principal | Senior Bonds Interest | Senior Bonds Total | Junior Bonds Principal | Junior Bonds Interest | Junior Bonds Total | Grand Total |
|-----------------------|------------------------|-----------------------|--------------------|------------------------|-----------------------|--------------------|-------------|
| 2015 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2016 | | | | | | | |
| 2017 | | | | | | | |
| 2018 | | | | | | | |
| 2019 | | | | | | | |
| 2020 | | | | | | | |
| 2021 | | | | | | | |
| 2022 | | | | | | | |
| 2023 | | | | | | | |
| 2024 | | | | | | | |
| 2025 | | | | | | | |
| 2026 | | | | | | | |
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| 2028 | | | | | | | |
| 2029 | | | | | | | |
| 2030 | | | | | | | |
| 2031 | | | | | | | |
| 2032 | | | | | | | |
| 2033 | | | | | | | |
| 2034 | | | | | | | |
| 2035 | | | | | | | |
| 2036 | | | | | | | |
| 2037 | | | | | | | |
| 2038 | | | | | | | |
| 2039 | | | | | | | |
| 2040 | | | | | | | |
| 2041 | | | | | | | |
| 2042 | | | | | | | |
| 2043 | | | | | | | |
| 2044 | | | | | | | |
| Total: | \$- | \$- | \$- | \$- | \$- | \$- | \$- |

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Source: *Stifel, Nicolaus & Co. Inc*

TABLE 3
2015 Senior and Subordinate Refunding Bonds
Debt Service Coverage

| Year Ending (1) | Maximum Special Tax Revenues (2) | Max Tax on Diversified Parcels (3) | Max Tax on Completed Homes (4) | Senior Bonds Debt Service (5) * | Senior Coverage (6) * | Subordinate Bonds Debt Service (7) * | Total Bonds Debt Service * | All-In Coverage (8) * |
|-----------------|----------------------------------|------------------------------------|--------------------------------|---------------------------------|-----------------------|--------------------------------------|----------------------------|-----------------------|
| 2015 | 2,226,012 | 1,316,064 | 1,152,448 | | | | | |
| 2016 | 2,270,530 | 1,342,383 | 1,175,496 | | | | | |
| 2017 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2018 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2019 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2020 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2021 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2022 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2023 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2024 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2025 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2026 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2027 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2028 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2029 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2030 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2031 | 2,315,941 | 1,369,231 | 1,199,006 | | | | | |
| 2032 | 1,252,113 | 740,274 | 648,242 | | | | | |
| 2033 | 1,252,113 | 740,274 | 648,242 | | | | | |
| 2034 | 1,252,113 | 740,274 | 648,242 | | | | | |
| 2035 | 1,252,113 | 740,274 | 648,242 | | | | | |
| 2036 | 908,109 | 536,892 | 470,145 | | | | | |
| 2037 | 803,938 | 475,305 | 416,214 | | | | | |
| 2038 | 589,947 | 348,789 | 305,427 | | | | | |
| 2039 | 589,947 | 348,789 | 305,427 | | | | | |
| 2040 | 589,947 | 348,789 | 305,427 | | | | | |
| 2041 | 589,947 | 348,789 | 305,427 | | | | | |
| 2042 | 589,947 | 348,789 | 305,427 | | | | | |
| 2043 | 589,947 | 348,789 | 305,427 | | | | | |
| 2044 | 589,947 | 348,789 | 305,427 | | | | | |

- (1) Revenues presented on a fiscal year ending June 30; debt service presented on the bond year beginning in the fiscal year
- (2) Total maximum annual special taxes for FY14-15 are \$1,509,241; however, the special tax levy on a residential property can only be increased by 10% due to delinquencies of another property owner. Maximum annual tax revenues increase at 2% annually through FY2016; declines in revenues result as individual parcels reach their maximum xx year levy.
- (3) Represents tax levy on completed homes and individually-owned single-family lots as of January 1, 2014
- (4) Represents tax levy on parcels developed with a completed home as of January 1, 2014
- (5) Estimated based on market rates as of _____, 2014
- (6) Senior Coverage is calculated by dividing Maximum Annual Special Tax Revenues by Senior Bond Debt Service.
- (7) Estimated based on market rates as of _____, 2014
- (8) All-in Coverage is calculated by dividing Maximum Annual Special Tax Revenues by Total Bond Debt Service.

* Preliminary, subject to change

Source: NBS for special tax revenues; Stifel Nicolaus of debt service and coverage.

THE DISTRICT

The District was formed in 2001 to serve all, excluding the 30 lots within Village 6-1, of the Promontory Specific Plan Area indicated on the site plan described below under the subcaption "El Dorado Hills and the Promontory Specific Plan."

The District is comprised of a planned predominately residential community of approximately 966 acres known as "The Promontory". Most, but not all, of the community is in the District. The project includes eleven residential villages that provide a variety of housing types and a Village Center that provides more moderate housing alternatives (i.e. "cluster" housing) to the low density land use components, as well as a small amount of commercial/office acreage.

The District was first developed by AKT Promontory LLC, as master developer (the "**Master Developer**"), securing development entitlements, subdividing property into multiple lots, constructing backbone infrastructure, and marketing property to merchant builders. The District presently includes 526 completed homes, mostly completed between 2002 and 2008. Currently two homebuilders are actively marketing homes. Standard Pacific Homes is marketing a subdivision of new patio home residences within the Village Center area; base home prices range from approximately \$485,000 to \$519,000. Toll Brothers opened a sales office late in the 3rd quarter of 2014 and is marketing new luxury homes on their remaining 89 lots in Village 5; one house closed in January 2015. Renasci Homes acquired 63 production lots in Village 8 in November 2014 and contemplates moving forward with development. See "Completed and Anticipated Development" below.

Location of the District

The District is located in the "El Dorado Hills" area in the western portion of the County approximately 23 miles east of the central business district of Sacramento and about 85 miles northeast of San Francisco.

The District is adjacent to the City of Folsom (Sacramento County) and is generally bounded by Green Valley Road to the north, U.S. Highway 50 to the south, the El Dorado/Sacramento County line on the west and El Dorado Hills Boulevard to the east.

The District is located south of Green Valley Road, a four-lane surface street that transitions down to two lanes as it provides access to neighboring Folsom and the northern portions of El Dorado Hills. Primary access to the District is provided via Sophia Parkway, which extends south from Green Valley Road. El Dorado Hills Boulevard is a north-south arterial that provides immediate access to U.S. Highway 50, an east-west freeway that ties into Interstate 80 in Sacramento to the west and Lake Tahoe to the east. Commute time from El Dorado Hills to employment centers located in the Highway 50 corridor is approximately 25 minutes. The central business district of Sacramento, which includes the State Capitol and related governmental offices, is an approximate 45 minute drive during commute periods.

The Promontory development is surrounded by completed development or development under construction on all sides, including the Empire Ranch (approximately [3,400] units) development, a master planned development immediately to the west in the City of Folsom. For more information about development on neighboring properties, see "APPENDIX C – APPRAISAL REPORT OF UNDEVELOPED PROPERTY."

El Dorado Hills and the Promontory Specific Plan

El Dorado Hills. The El Dorado Hills population grew from about 18,000 at the 2000 census to about 42,100 per the 2010 census. Although primarily a residential community, the area includes a “Town Center” commercial/retail area located at the intersection of Highway 50 and El Dorado Hills Boulevard, with a Target, a Regal Cinemas 14 IMAX and numerous other retail stores and commercial outlets. An 800 acre business park (El Dorado Hills Business Park) provides nearby space for over 200 companies that employ about 6,000

The most prominent residential development in El Dorado Hills is the Serrano master-planned community, a 3,522-acre development that is designed around a country club and an 18-hole Robert Trent Jones II designed championship golf course. The development is approved for 6,000 homes, but currently projected for nearly 4,500 new homes, 1,000 acres of open space, 50 acres of parklands and a 27-acre center for commercial, retail, restaurant and office development. More than 3,700 homes have been built to date with additional development expected.

The Promontory Specific Plan. The District lies entirely within and comprises most of the approximate 1,000-acre Promontory Specific Plan Area. On November 4, 1997, the Board adopted Resolution No. 253-97 certifying the final Environmental Impact Report for the project described in the Promontory Specific Plan. On the same date, the Board adopted Resolution No. 254-97 adopting a General Plan Amendment for the Promontory Specific Plan Area (hereinafter defined) in conformity with the Promontory Specific Plan. On the same date, the Board adopted Resolution No. 255-97 adopting findings of fact; a statement of overriding considerations; a mitigation monitoring and reporting program for the Promontory Specific Plan; and adopting the Promontory Specific Plan. On the same date, the Board adopted Ordinance No. 4470 rezoning the Promontory Specific Plan Area (hereinafter defined) in conformity with the Promontory Specific Plan. On March 17, 1998, the Board adopted Ordinance No. 4486, approving the Development Agreement with the Master Developer's predecessors and the Public Facilities Financing Plan incorporated therein. Copies of the Environmental Impact Report, the Promontory Specific Plan, the Development Agreement and the Public Facilities Financing Plan can be reviewed by contacting the Planning Director, County of El Dorado, 2850 Fairlane Court, Placerville, California 95667, telephone: (530) 621-5355.

All subdivision and development approvals, public works projects, and zoning regulations within the District are required to be consistent with the Promontory Specific Plan. The area encompassed by the Promontory Specific Plan consists of approximately 1,000 gross acres that have received development approvals for up to 1,100 residential units and approximately 5.0 acres for office and commercial uses. All but 30 (Village 6-1) of the residential units and all of the commercial property are within the District. Deducting the number of lots from Village 6-1 from the total units permitted (1,100) yields a maximum of 1,070 allowable units for the subject properties. Based on current developer information, approximately 1,070 units are planned for the District, including the Village Center.

Pursuant to the Promontory Specific Plan, no final subdivision maps may be recorded until public facilities necessary to service the development are available or the County has approved an alternative mechanism to ensure that such facilities will be provided commensurate with development. An elementary school site in the Promontory Specific Plan area was acquired by the Rescue Union School District and Lakeview Elementary School was constructed and opened in September 2005.

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 subjects are 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 C, 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. 060040-0700D, revised October 18, 1995.

Utilities and Services. Public utilities, including electricity, natural gas, water and telephone service, are available to property in the District. Although development in El Dorado Hills is challenged by water availability, the Master Developer does not expect development of property in the District to be delayed by water issues. See "Water Availability" below. 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 S District |
| Water and Sewer: | El Dorado Irrigation District |
| Electricity and Gas: | Pacific Gas & Electric |
| Telephone: | Pacific Bell |

Land Uses in the District

The Promontory includes completed homes and undeveloped land within 11 residential villages and a "Village Center" consisting of commercial and high-density residential uses. Ten of the residential villages plus the Village Center are within the boundaries of the District and are ultimately subject to the Special Tax; Village 6-1, not in the District, consists of 30 lots developed into finished custom lots and custom homes.

Land within the District subject to the Special Tax includes: (i) undeveloped or partially developed land planned for 472 single family residential lots for development and approximately 74,052 square feet of commercial development, currently owned by the master developer of the project or one of 2 merchant homebuilders (as of January 1, 2015), (ii) 71 single family lots, some improved, owned by individuals or custom homebuilders, and (iii) 526 existing single-family residences owned by homeowners (as of January 1, 2015). There are also a number of land areas (public/quasi-public, commercial, and multifamily) that are within the boundaries of the District but will not be encumbered by the Special Taxes.

The following table summarizes the residential land use of the development.

TABLE 4
El Dorado County
CFD No. 2001-1 (Promontory)
Development Status by Village

| Village | Land Uses ⁽¹⁾ | | | | | | Entitlement Status | | | |
|-----------------------|--------------------------|--------------------|------------------|-----------------------|---------------|-----------------------------|--------------------------|------------------|------------|--------------|
| | Entitled Units | Completed Homes | Finished Lots | Tentative Map Lots | Paper Lots | Current Planned Total | Tentative Map | | | Final Map |
| | | | | | | | Reference # | Approval Date | Expiration | Status |
| 1 | 94 | 88 | 5 | | | 93 | ⁽²⁾ TM98-1356 | 12/14/99 | N/A | Recorded |
| 2 | 86 | 65 | 21 | | | 86 | TM98-1356 | 12/14/99 | N/A | Recorded |
| 2C | 5 | | | 2 | | 2 | ⁽³⁾ TM98-1356 | 12/14/99 | 6/24/18 | Not Recorded |
| 3 | 176 | 164 | 12 | | | 176 | TM98-1356 | 12/14/99 | N/A | Recorded |
| 4 | 142 | 125 | 17 | | | 142 | TM98-1356 | 12/14/99 | N/A | Recorded |
| 5 | 124 | 47 | 77 | | | 124 | TM98-1356 | 12/14/99 | N/A | Recorded |
| 6-2 | 90 | 37 | 53 | | | 90 | TM97-1333 | 10/20/98 | N/A | Recorded |
| 6-3 | 35 | | | 35 | | 35 | TM05-1397 | 11/9/06 | 11/9/16 | Not Recorded |
| 7-1 | 24 | | | | 24 | 24 | -----Not yet filed----- | | | |
| 7-2 | 104 | | | | 104 | 104 | -----Not yet filed----- | | | |
| 8 | 63 | | | 63 | | 63 | TM13-1513 | 1/23/14 | 1/23/17 | Not Recorded |
| Village Center | | | | | | | | | | |
| Lot D-1 | 63 | | 63 | | | 63 | ⁽⁴⁾ TM13-1512 | 1/9/14 | 1/9/17 | Not Recorded |
| Lot H | 64 | 21 | 43 | | | 64 | ⁽⁴⁾ TM06-1423 | 12/14/06 | N/A | Recorded |
| Total | 1,070 | 547 | 291 | 100 | 128 | 1,066 | | | | |

(1) As of the January 1, 2014 lien date except for Village 8 and Lot D-1 which reflect Tentative Maps filed in January 2014, and Lot H which has been updated by the Master Developer as of April 1, 2015.

(2) Two lots were merged.

(3) Total based on 2 currently planned homes.

(4) Since January 2014, Standard Pacific has been actively developing both Lot D-1 and Lot H. Completed homes and finished lots have been updated by the Master Developer as of April 1, 2015.

Source: NBS, the County and The Master Developer.

Infrastructure Improvements

Prior Bonds Infrastructure Expenditures. The County utilized net proceeds from the 2002 Bonds in the approximate amount of \$9.25 million and from the 2005 Bonds in the approximate amount of \$6.75 million to finance the acquisition of certain completed on and off-site public infrastructure improvements required for development within the District, which, along with certain water improvements acquired by the El Dorado Irrigation District, represented a portion of all the facilities authorized for the District. All of the facilities constructed with proceeds of the 2002 and 2005 Bonds have been completed and acquired by the County or EID.

Such infrastructure consists of the authorized facilities, which, together with other public and private infrastructure required pursuant to the Development Agreement and the Promontory Specific Plan, are required to be in place for recording final maps for each undeveloped village so that building permits may be issued and individual lot sales may take place. The Master Developer reports that infrastructure construction is complete on Lots D-1 and H, 50% complete on Village 5, and has been completed in Villages 1, 3, 4, 6-2 and all but 5 lots in Village 2. Infrastructure construction is partially complete on Village 6-3 (some underground work) and grading has commenced on Village 8, with infrastructure construction expected to commence this summer. Infrastructure construction has not yet commenced on Villages 7-1 and 7-2.

Remaining development in the District is expected to occur over several years and the cost and funding estimates of remaining infrastructure will necessarily change over time.

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The following table summarizes the expenditures to date of bond proceeds for the District.

TABLE 5
Community Facilities District No. 2001-1
(Promontory Specific Plan)
Sources and Uses for Infrastructure

| <u>Sources</u> | <u>Amount Used</u> | <u>Amount Available</u> |
|---|------------------------|-----------------------------|
| Series 2002 Bonds | \$9,462,857 | - |
| Series 2005 Bonds | 6,750,312 | - |
| Pay-as-you-go/Interest | <u>3,887,234</u> | <u>\$100,457</u> |
| Total | 20,100,403 | 100,457 |
| Uses | | |
| Bond Issuance Cost; EID Water & Sewer FCC's; Weber Dam | 7,397,077 | - |
| Collector Roads | 2,057,948 | - |
| Water & Sewer FCC's | 2,663,688 | - |
| Collector Roads | 139,684 | - |
| Sophia Parkway Ext. | 3,066,073 | - |
| Sophia Parkway Ext. | 226,012 | - |
| Collector Roads | 1,495,780 | - |
| Beatty Drive | 636,474 | - |
| Beatty Drive | 1,889,363 | - |
| Beatty Drive; Water & Sewer FCC's | 528,304 | - |
| Water & Sewer FCC's | - | 3,429,022 |
| Alexandra Way | - | <u>1,807,635</u> |
| Total | 20,100,403 | 5,236,657 |
| Estimated Remaining CFD Authorized Improvements | | 14,496,278 |

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INSERT MAP THIS PAGE

[[Per Ryan: This version has been updated so as to show all constructed roads in WHITE and all non-constructed roads in the color of the adjacent land use. This will help one see which roads are constructed and which roads still need to be constructed. Any roads that are partially constructed, which would generally consist of the roads being cut or underground utilities installed, are not differentiated from roads for which no work at all has been completed.]]

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Completed and Anticipated Development

The Master Developer and, to a lesser extent, other owners of property in the District have provided the information set forth below regarding undeveloped property. No assurance can be given that all information is complete or that proposed development will occur as described herein. Although the owners and developers currently own or have entered into an agreement to purchase a substantial portion of the taxable property within the District, as land development progresses, any owner may sell portions of its property to others for completion of improvements. If such sales occur, the ownership of the land within the District may become more diversified or could become more concentrated. No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. Since the ownership of the parcels is subject to change, the development plans outlined herein may not be continued by the subsequent owner if the parcels are sold, however development by any subsequent owner will be subject to the policies and requirements of the County, subject to the terms of the Development Agreement. The special taxes are not personal obligations of the owners and developers or of any subsequent landowners; the Local Obligations are secured solely by the special taxes. See "SECURITY FOR THE BONDS " and "SPECIAL RISK FACTORS" herein.

Unpaid special taxes do not constitute a personal indebtedness of the owners of the parcels within the District and the owners have made no legally binding commitment to pay the principal of or interest on the Bonds. There is no assurance that the owners will have the ability to pay the special taxes or that, even if they have the ability, they will choose to pay such special taxes. An owner may elect to not pay the special taxes when due and cannot be legally compelled to do so, although failure to pay may result in foreclosure of such owner's property. 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 taxes or any principal or interest due on the Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

Zoning and Entitlements. Zoning designations within the District are based on the Promontory Specific Plan and the Development Agreement, described herein. See "El Dorado Hills and the Promontory Specific Plan" above and "Development Agreement" below.

Map Status. A large lot final map identifying village boundaries for Villages 1 through 5 and Village 6, Phase 2 was recorded on December 13, 2000. A condition of the large lot final map is that final maps be recorded for each village or portion thereof prior to the issuance of building permits for the lots or parcels within the village. Tentative maps have been filed with the Clerk of the Board with respect to all or portions of nine of the eleven villages in the Development (being eight of the ten villages within the District). The tentative map for Village 2, which includes Village 2C was extended on September 11, 2014 for 4 years from the prior expiration date and now expires on June 24, 2018. A tentative map for Village 7-1 is in the process of being prepared and submitted to the County. Village 6-3 has a tentative map which expires in November 2016 and Village 7-2 does not yet have a tentative map. Final maps creating ultimate residential or village lots have been recorded for Villages 1, 2 (except for 2C), 3, 4, 5, 6-1 and 6-2, as well as Lot H in the Village Center. Villages 2C, 6-3, 7-1, 7-2, and Lot D do not yet have final maps. A final map for Lot 8 is expected to be recorded July 2015. In order to obtain the final map required for each additional village or portion thereof, the developer must substantially comply with all of the conditions of the applicable approved tentative map. Such conditions include the provision of required infrastructure and water. Each approved tentative map, including the conditions that must be met before a final map can be recorded, is a matter

of public record and can be examined by contacting the Planning Director, County of El Dorado, 2850 Fairlane Court, Placerville, California 95667, telephone: (530) 621-5355.

Pursuant to California statute and County ordinance, a tentative map in El Dorado County expires 36 months after approval. A landowner may extend a tentative map by automatic extensions for up to 10 years by recording successive final maps on portions of the land within the tentative map, provided that certain requirements of the Subdivision Map Act have been met, including the requirement that the landowner make certain required expenditures for off-site improvements.

California Senate Bill 221, which became effective on January 1, 2005 and which amended Section 11010 of the Business and Professions Code and Section 65867.5 of the Government Code and added Sections 66455.3 and 66473.7 to the Government Code, could prohibit approval of a tentative map, or a parcel map for which a tentative map was not required, or a development agreement for a subdivision of property of more than 500 dwelling units, unless the legislative body of a city or county or the designated advisory agency receives written verification from the applicable public water system that a sufficient water supply is available or a specified finding is made by the local agency that sufficient water supplies are, or will be, available prior to completion of the project.

With the exception of Villages 7-1 and 7-2, all of the property in the Development on which the Special Tax securing the Bonds will initially be levied already has received tentative map approval and would thus not appear to be subject to this requirement. The Rate and Method defines "Developed Parcels" to include Villages 6-3, 7-1, 8, Lot D-1 and Lot H, as well as Villages 1, 2, 3, 4, 5 and 6-2. See "SECURITY FOR THE BONDS - Special Tax Methodology."

In the future, when Villages 7-1 and 7-2, apply for tentative maps (and possibly when existing tentative maps expire and are considered for an extension), they may be subject to the requirements of this legislation created by Senate Bill 221. Even if the required findings are ultimately made as to sufficient water supply for the Development, it is possible that this process could result in some delay in the map approval or development process.

See "Water Availability" below for a description of water available for the Development. See also "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis," " - Concentration of Property Ownership" and " - Future Land Use Regulations."

Development Status Summary. The following tables summarize development status for property in the District:

**TABLE 6
El Dorado County
CFD No. 2001-1 (Promontory)
Development Status**

| Owner | Village | Number of Lots | Commercial Land (SF) | Status |
|---|-------------------|-----------------------|-----------------------------|-----------------|
| AKT Promontory (Master Developer) | 2C | 5 | | Unimproved |
| | 6-2 | 24 | | Improved |
| | 6-3 | 35 | | Partially Imp |
| | 7-1 | 24 | | Unimproved |
| | 7-2 | 104 | | Unimproved |
| | 8 | 63 | | Unimproved |
| | Village Center | | | <u>74,052</u> |
| CDB Homes (Merchant Builder) | 1 (Lot A) | 4 | | Improved |
| | 1 | 1 | | |
| Toll Brothers (Merchant Builder) | 3C | 12 | | Improved |
| | 5 | <u>78</u> | | Part. Improved |
| SUBTOTAL | | 472 | | |
| Lafayette Investment Co. ADZ Corporation | 4 | 10 | | Improved |
| (Custom Homebuilder) | 2 | 2 | | Improved |
| Individual Custom Lot Owners | 1 | 5 | | Improved |
| | 4 | 7 | | Improved |
| | 6-2A | <u>428</u> | | Improved |
| SUBTOTAL | | 77 | | |
| Individual Homeowners | 1 | 88 | | Completed Homes |
| | 2 | 65 | | Completed Homes |
| | 3 | <u>164</u> | | Completed Homes |
| | 4 | <u>125</u> | | Completed Homes |
| | 5 | <u>46</u> | | Completed Homes |
| | 6-2 | <u>38</u> | | Completed Homes |
| SUBTOTAL | | 526 | | |
| Loss of Lots Through Mergers | | 1 | | |
| | CFD Total: | 1,070 | [74,052] | |

**TABLE 7
EI Dorado County
CFD No. 2001-1 (Promontory)
Development by Ownership**

| Owner | Lot or Village | Number of Lots | Status |
|------------------------------|------------------------------|-----------------------|------------------|
| Individual Homeowners | 1(Lot A), 1,2,3,4,5,6-2, 6-3 | 532 | Completed Homes |
| Standard Pacific Homes | Lot D-1 & Lot H | 122 | Part. Improved |
| Toll Brothers | 3C, 5 | 89 | Part. Improved |
| Individual Custom Lot Owners | 1,2,4,6-2 | 59 | Lot Improvements |
| Lafayette Investment | 4 | 10 | |
| ADZ Corporation | 2 | 2 | Lot Improvements |
| CFD TOTAL: | | 814 | |

Marketing and Lot Sales

The Master Developer is currently marketing finished custom lots to individuals or homebuilders for construction of custom homes; these lots are within Village 6-2. Land in Villages 6-3 and 7-2 are expected to be marketed in the future as custom lots. The Master Developer's holdings are summarized as follows:

| Village | Number of Lots | Commercial Land (SF) | Status | Projected Sale Date |
|----------------|-----------------------|-----------------------------|--------------------|----------------------------|
| 2C | 5 | | Unimproved | 2015+ |
| 6-2 | 24 | | Improved | 2014+ |
| 6-3 | 35 | | Partially Improved | 2015+ |
| 7 | 128 | | Unimproved | 2015+ |
| Village Center | | [74,052] | Unimproved | 2015+ |

The District presently includes 526 completed homes, mostly completed pre-2008. Currently two homebuilders are actively marketing homes and one additional merchant builder acquired lots in November 2014 and is preparing to develop.

The following table summarizes the ownership of residential land of the development.

| Village | Land Use | Ownership | Parcels | Units⁽¹⁾ |
|----------------|---|------------------|----------------|----------------------------|
| 1 | Completed homes | Individuals | 88 | 88 |
| 1 | Single family lots | Individuals | 5 | 5 |
| 2 | Completed homes | Individuals | 65 | 65 |
| 2 | Single family lots | Individuals | 21 | 21 |
| 2C | Tentative map lots ⁽²⁾ | AKT | 1 | 2 |
| 3 | Completed homes | Individuals | 164 | 164 |
| 3 | Single family lots | Toll Brothers | 12 | 12 |
| 4 | Completed homes | Individuals | 125 | 125 |
| 4 | Single family lots | Individuals | 17 | 17 |
| 5 | Completed homes | Individuals | 47 | 47 |
| 5 | Single family lots, Final mapped and finished | Toll Brothers | 35 | 35 |
| 5 | Single family lots, Tentative map | Toll Brothers | 42 | 42 |
| 6-2 | Completed homes | Individuals | 37 | 37 |
| 6-2 | Single family lots | Individuals | 28 | 29 |
| 6-2 | Single family lots | AKT | 24 | 24 |

| | | | | |
|---------|-------------------------------|------------------|------------|--------------|
| 6-3 | Large Lot Parcels | AKT | 2 | 35 |
| 7-1 | Large Lot Parcels | AKT | 1 | 24 |
| 7-2 | Large Lot Parcels | AKT | 1 | 71 |
| 7-2 | Original Parcels | AKT | 1 | 33 |
| 8 | Large Lot parcels | Renasci | 1 | 63 |
| Lot D-1 | Tentative Map ⁽³⁾ | Standard Pacific | 1 | 63 |
| Lot H | Completed homes | Individuals | 10 | 10 |
| Lot H | Completed homes | Standard Pacific | 11 | 11 |
| Lot H | High density residential lots | Standard Pacific | 43 | 43 |
| | Total | | 782 | 1,066 |

(1) Unit Counts have been updated as of April 1, 2015.

(2) Tentative map approved for 5 lots, but currently envisioned for as few as 2 lots.

(3) Tentative map filed in January 2014

Source: NBS Government Finance Group.

Standard Pacific Homes. Standard Pacific Homes is currently offering new patio home residences in its 127-unit "Villagio at the Promontory" project, ranging in size from 2,226 to 2,683 square feet and base prices ranging from approximately \$485,000 to \$519,000. The typical lot size of this project is 3,500 square feet. Sales began in April 2014 and as of May, 2015, ____ homes had been sold or were under contract for sale to homeowners.

Lot D-1: Sitework was completed in late 2014, and Standard Pacific anticipates recording a final map in the 3rd quarter of 2015. The current plan is for approximately 50 attached units and 13 detached units.

Standard Pacific Homes, Inc. was established in 1965 in the Southern California by Ronald R. Foell and Arthur Svendsen. The company is based in Orange County, California and primarily focuses on building family oriented communities in many of the nation's largest housing markets including California, Florida, Arizona, North Carolina, South Carolina, Texas and Colorado. The Sacramento Division of Standard Pacific Homes was established in 2003. Standard Pacific Homes is a publicly owned company whose stock is listed on the New York Stock Exchange (NYSE:SPF).

Information on Standard Pacific Homes, including current home offerings, is available on the internet from its website at www.standardpacifichomes.com. The website address is given for reference and convenience only, the information on the websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference

Toll Brothers. Toll Brothers re-opened a sales office and began offering homes again in late September of 2014 on its remaining 89 lots in its 136-unit luxury home "Villa Lago" project, with homes ranging in size from approximately 3,000 to 4,500 square feet and base prices ranging from the \$700,000's to the \$800,000's. Three model homes are currently under construction and are expected to be completed late this summer. The typical lot size of this project is 25,000 square feet. Sales originally began in December 2004 and 46 homes had been sold prior to closing their sales office in 2011. As of June 2015, 12 additional homes were under contract for sale and were under construction.

Toll Brothers is a builder of luxury homes and is currently building in Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Texas, Virginia, and Washington. Toll Brothers, Inc., is the successor to three

generations of home builders and is a publicly owned company whose stock is listed on the New York Stock Exchange (NYSE:TOL)

Information on Toll Brothers, including current home offerings, is available on the internet from its website at www.tollbrothers.com. The website address is given for reference and convenience only, the information on the websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

Renasci Homes. RREF II - RD Willow, LLC, a related entity to Renasci Homes acquired 63 production home lots in Village 8 in November 2014 and contemplates moving forward with development. Renasci Homes plans to construct intract improvements, record final subdivision maps and commence model home construction in 2015. Production lot sizes will range from about 6,700 to 20,000 square feet, while the custom lots will range from 30,000 to 60,000 square feet. When completed, the production homes will range in size from 2,700 to 3,800 square feet, with base prices ranging from the \$600,000's to the \$700,000's. When completed, the custom homes will range in size from 4,100 to 4,583 square feet, with base prices ranging from the \$800,000's to the \$900,000's. Renasci Homes is based in Agoura Hills, California. While a relatively new home building company, the four members of its Executive Leadership team have more than 100 years of combined homebuilding experience in California and the Southwest.

Information on Renasci Homes, including current home offerings, is available on the internet from its website at www.renascidevelopment.com. The website address is given for reference and convenience only. The information on the websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

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."

According to EID's 2013 Water Resources and Service Reliability Report dated August 12, 2013, its most recently adopted Water Resources and Service Reliability Report, water supply in El Dorado Hills is currently restricted by the infrastructure capacity of the El Dorado Hills Water Treatment Plant and other facilities. However, EID estimates that as of January 1, 2013, this infrastructure-constrained, available potable water supply is adequate to serve

current and anticipated future demand, including the ability to serve an additional 4,687 Equivalent Dwelling Units (EDUs) in the El Dorado Hills supply area. Existing agreements commit a total of 2,690 EDUs of this available supply to specific uses in El Dorado Hills. These include a commitment (extended by EID in 2011 for another 10 years) of 73 EDUs with the potential to serve 73 residential units of currently undeveloped property in The Promontory. The Developer estimates that approximately 173 additional EDUs are necessary to complete undeveloped portions of The Promontory property within the District boundaries and believes that the estimated 168 proposed units not covered by existing commitments will be served by the available uncommitted capacity of over 1,997 EDUs described above. ***(The sources of the foregoing information are EID and the Developer, and neither the County nor the Underwriter can ensure its completeness or accuracy.)***

California is currently experiencing drought conditions. In January 2014, with California facing water shortfalls in the then-driest year in recorded state history, the state governor proclaimed a State of Emergency and directed state officials to take all necessary actions to prepare for these drought conditions. On April 1, 2015, for the first time in state history, the Governor of California directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25 percent. In addition, the proclamation gave state water officials more flexibility to manage supply throughout California under drought conditions. Notwithstanding the drought, water supply infrastructure, rather than water supply itself, is expected to be the limiting factor for new development in the El Dorado Hills area of western El Dorado County in coming years. See “SPECIAL RISK FACTORS - California Drought; State of Emergency Proclamation.”

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Development Agreement

The real property within the District is subject to the terms and provisions of the Development Agreement dated March 17, 1998 (the "Development Agreement"), between the County and Russell Ranch Partnership, Angelo K. Tsakopoulos, and Jack and Helen Mixon, who have assigned their interests therein to AKT Promontory and Russell-Promontory. Ordinance No. 4486, approving the Development Agreement, was adopted on March 17, 1998 and became effective on April 17, 1998. The Development Agreement was recorded in the Official Records of the County on April 30, 1998.

Article 2.5 (commencing with Section 65864), of Chapter 4, Division 1, Title 7 of the California Government Code, pertaining to development agreements, has the general effect of authorizing development to continue in accordance with then existing County General Plan, Specific Plan, zoning and subdivision regulations notwithstanding any subsequently enacted conflicting regulations, except for changes authorized by the terms of the Development Agreement, and by those expressly allowed by State law to be applied, such as, regulations required to avoid placing the residents in a condition which is dangerous to their health or safety or both, and regulations required to comply with changes in State and federal law.

The Development Agreement has a 20-year term, is assignable, runs with the property, and may be modified only by mutual consent of the County and the developer and in a manner consistent with the Promontory Specific Plan. With the Development Agreement in place, subject to compliance with the terms of the Development Agreement and the policies and regulations made applicable by the Development Agreement, construction of homes within the District may occur upon County approval of subdivision maps, satisfaction of certain design requirements and conditions of such maps and issuance of building permits. The Development Agreement will be binding on the Developer and all successor owner-developers of property in the District.

Land use and development entitlements granted under the Development Agreement for property in the District is consistent with the Promontory Specific Plan described under the caption "El Dorado Hills and the Promontory Specific Plan" and summarized above.

The Development Agreement does not protect the Developer against subsequently enacted state or federal laws or regulations preventing or precluding compliance with one or more provisions of the Development Agreement, or from modification or suspension by a city into which the Development is annexed or incorporated if the city determines that failure to do so would place the residents of the Development or the residents of the city, or both, in a condition dangerous to their health or safety or both. See "SPECIAL RISK FACTORS - Concentration of Property Ownership" and " - Failure or Inability to Complete Proposed Development on a Timely Basis."

Public Facilities Financing Plan. The Public Facilities Financing Plan, approved by the Board along with the Development Agreement, provides an overview of how the infrastructure required for the development of the Promontory Specific Plan will be financed and constructed and how various public facilities will be financed and maintained in order to ensure that public facilities and infrastructure will be available for the orderly development of the Promontory Specific Plan.

The Public Facilities Financing Plan contemplates that the primary sources of funding for the construction of the public infrastructure and facilities in the Promontory Specific Plan are public financing districts, fees and direct developer financing.

Since EID is the water purveyor for the property within the Promontory Specific Plan, annexation of the property into EID was required prior to development of the property. This annexation was completed in 1999. The property covered by the Promontory Specific Plan is within the EID's Assessment District No. 3.

Environmental. The California Environmental Quality Act ("CEQA"), constituting Division 13 of the California Public Resources Code (commencing with Section 21000) requires that an Environmental Impact Report (an "EIR"), detailing the significant environmental effects of the project and proposed mitigation measures, be prepared, considered and certified as complete by a public agency prior to its taking discretionary action on any project which may have a significant effect on the environment. Approval of a Specific Plan is one such discretionary action.

Pursuant to its Resolution No. 253-97 adopted November 4, 1997, the Board certified as complete the EIR for the Promontory Specific Plan. Construction of the widening of Green Valley Road was identified in the EIR for the Promontory Specific Plan Area as a mitigation measure that would be needed to accommodate anticipated traffic. In the fall of 2000, the Board certified a mitigated negative declaration for the Green Valley Road widening. The widening of Green Valley Road was completed in 2003.

California Government Code Section 65457 exempts from subsequent CEQA requirements any residential development project consistent with a specific plan for which an environmental impact report has been certified after January 1, 1980 unless (i) substantial changes are proposed in the project which will require major revision of the EIR, (ii) substantial changes occur with respect to the circumstances under which the project is being undertaken which will require major revisions in the environmental impact report, or (iii) new information, which was not known and could not have been known at the time the EIR was certified as complete, becomes available. If any of the above circumstances occur, preparation of a supplemental environmental impact report would be required, and a delay could occur in construction. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis."

The Developer has indicated that, to the best of its knowledge, all state and federal discretionary permits required to undertake all currently ongoing construction activity in the Development have been obtained. Some permits will need to be renewed as the Development progresses, and some additional project-specific permits may need to be obtained, but the Developer does not anticipate difficulty in renewing or obtaining any such permits. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis" and " - Future Land Use Regulations." Demonstration of a landowner's implementation of required mitigation measures is required at the time final subdivision maps are reviewed by the County prior to recordation.

SPECIAL TAX REVENUE AND ESTIMATED VALUE OF PROPERTY IN THE DISTRICT

The value of the land within the District is a critical factor in determining the investment quality of the 2015 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. 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 Bonds or to support payment of the 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 Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

Assessed Valuation

In connection with valuing property in the District, the County has obtained the 2014-15 County assessed valuation (the "**Assessed Valuation**") of the property in the District. In addition, to comply with internal policies and in order to provide a more accurate valuation of certain undeveloped parcels in the District the County ordered an appraisal of such land.

The "full cash" assessed values of all of the taxable parcels in the District has been established by the County Assessor for Fiscal Year 2014-15 in the amount of \$414,571,362.

The following table summarizes the historical assessed valuation of property in the District over the last ten years.

TABLE 8
El Dorado County
CFD No. 2001-1 (Promontory)
History of Aggregate Assessed Valuation
Fiscal Year 2005-06 through 2014-15

| <u>Fiscal Year</u> | <u>Total</u> | <u>% Change</u> |
|--------------------|---------------|-----------------|
| 2005-06 | \$207,728,503 | |
| 2006-07 | 322,325,853 | 55% |
| 2007-08 | 437,073,688 | 36 |
| 2008-09 | 477,622,648 | 9 |
| 2009-10 | 422,025,138 | -12 |
| 2010-11 | 370,535,273 | -12 |
| 2011-12 | 364,949,290 | -2 |
| 2012-13 | 359,550,879 | -1 |
| 2013-14 | 369,879,000 | 3 |
| 2014-15 | 414,571,362 | 12 |

Source: NBS Government Group

Due to the recent and ongoing nature of development of homes in the District, the County assessed valuations are not in all cases reflective of most current development status, as is the case with certain properties in the District. As provided by Article XIII A of the California Constitution, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, whichever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the County only upon a change of at least 51% ownership of existing property or upon new construction. 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), possibly increased by 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.

Because of the general limitation to 2% per year in increases in full cash value of properties which 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, that any bid will be received for such property, or if a bid is received that such bid will be sufficient to pay such delinquent installments.

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Special Tax Revenue

The following table summarizes the allocation of the fiscal year 2014-15 Special Tax levy among the land uses in the District:

TABLE 9
Community Facilities District No. 2001-1
(Promontory Specific Plan)
Special Tax Levy by Land Use

| Special Tax Category | Parcels | Expected Homes | FY14-15 Assessed Value | | | FY14-15 | | FY14-15 | | Allocable Share of Bonds by Levy | Value-to-Debt | Allocable Share of Bonds by Max Tax | Value-to-Debt |
|---|------------|----------------|------------------------|----------------------|----------------------|--------------------|---------------|--------------------|---------------|----------------------------------|---------------|-------------------------------------|---------------|
| | | | Land | Improvement | Total | Actual Levy | % of Levy | Max Tax | % of Max | | | | |
| Developed Parcels (1) | | | | | | | | | | | | | |
| Completed homes as of January 1, 2014 | 527 | 527 | \$109,662,799 | \$267,653,106 | \$377,315,905 | \$863,666 | 58.1% | \$1,152,448 | 51.8% | \$14,522,881 | 26.0 | \$12,942,972 | 29.2 |
| Completed homes between January 1, 2014 and April 1, 2015 (2) | 21 | 21 | 975,413 | - | 975,413 | 16,693 | 1.1% | 22,276 | 1.0% | 280,699 | 3.5 | 250,176 | 3.9 |
| Designated Developed Parcels (3) | | | | | | | | | | | | | |
| Vacant single family residential lots | | | | | | | | | | | | | |
| Individually owned | 71 | 72 | 13,208,172 | - | 13,208,172 | 122,617 | 8.2% | 163,615 | 7.4% | 2,061,853 | 6.4 | 1,837,536 | 7.2 |
| Developer/builder owned | 111 | 111 | 12,290,408 | - | 12,290,408 | 190,905 | 12.8% | 254,737 | 11.4% | 3,210,142 | 3.8 | 2,860,913 | 4.3 |
| High-density single family residential | | | | | | | | | | | | | |
| Mapped lots and construction in progress (4) | 43 | 43 | 1,898,076 | - | 1,898,076 | 34,182 | 2.3% | 45,613 | 2.0% | 574,788 | 3.3 | 512,269 | 3.7 |
| Tentative map property | 1 | 63 | 2,240,123 | - | 2,240,123 | 50,082 | 3.4% | 66,828 | 3.0% | 842,148 | 2.7 | 750,532 | 3.0 |
| Planned single family residential property | 6 | 125 | 3,102,697 | | 3,102,697 | 208,588 | 14.0% | 278,332 | 12.5% | 3,507,489 | 0.9 | 3,125,905 | 1.0 |
| Undeveloped Parcels (5) | | | | | | | | | | | | | |
| Large Lot Parcels | 1 | 71 | 2,161,348 | - | 2,161,348 | - | 0.0% | 165,323 | 7.4% | - | - | 1,856,718 | 1.2 |
| Original Parcels | 1 | 33 | 699,960 | - | 699,960 | - | 0.0% | 76,840 | 3.5% | - | - | 862,979 | 0.8 |
| Total | 782 | 1,066 | \$146,238,996 | \$267,653,106 | \$413,892,102 | \$1,486,733 | 100.0% | \$2,226,011 | 100.0% | \$25,000,000 | 16.6 | \$25,000,000 | 16.6 |

(1) Developed with completed homes

(2) The assessed value is as of January 1, 2014 and does not reflect the recent sales price of the homes.

(3) Undeveloped or partially developed parcels designated as developed pursuant to the RMA

(4) Standard Pacific began building homes on Lot H in early 2014; as of April 1, 2015, at least 21 homes have been completed and another 16 are under construction. Completed homes have been updated above.

(5) Includes parcels in Village 7-2

Source: NBS and the Developer.

Special Tax Collection and Delinquency Rate

The County reports (as of April 1, 2015) that for fiscal year 2013-14, there are _____ parcels delinquent on the 2013-14 special taxes, owing a total of \$3,762, or 0.26% of the annual total of \$1,467,537. The table below shows the annual Special Tax levies and current delinquencies for the past two years, with 2013-14 collections reflected as of April 1, 2015.

**TABLE 10
County of El Dorado
Community Facilities District No. 2001-1
(Promontory Specific Plan)
Special Tax Levy & Delinquencies (as of April 1, 2015)**

| Fiscal Year | Total Special Tax Levy | Amounts Delinquent | | | |
|--------------------|-------------------------------|---------------------------|-------------|----------------------------|-------------|
| | | At Fiscal Year End | | As of April 1, 2015 | |
| | | In \$ | As % | In \$ | As % |
| 2009-10 | \$1,535,774 | \$59,122 | 3.85% | \$- | 0.00% |
| 2010-11 | 1,566,493 | 29,399 | 1.88% | - | 0.00% |
| 2011-12 | 1,597,818 | 16,529 | 1.03% | - | 0.00% |
| 2012-13 | 1,434,975 | 17,538 | 1.22% | - | 0.00% |
| 2013-14 | 1,467,537 | 14,174 | 0.97% | 3,762 | 0.26% |

Source: NBS Government Group

Future delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in the District could result in draws on the Reserve Fund established, and perhaps, ultimately, a default in the payment on the Bonds. See "SPECIAL RISK FACTORS."

Value to Special Tax Burden 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 FOR THE BONDS - Covenant to Commence 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 Districts and only the respective individual parcel is responsible for such 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 following table summarizes the value-to-debt burden of property in the District against the Bonds, based on the fiscal year 2014-15 assessed valuations.

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TABLE 11
EI Dorado County
Community Facilities District No. 2001-1
Top Property Owners by Levy Amount

| Owner | Parcels | Lots ⁽¹⁾ | Land Value | % of Structure Value | Total Value | Max Tax | FY14-15 Tax Levy | Tax Levy | Allocable Par ⁽⁵⁾ | VTL Ratio |
|-----------------------------------|----------------|----------------------------|----------------------|-------------------------------------|----------------------|--------------------|-----------------------------|---------------------|---|----------------------|
| Developer/Builders | | | | | | | | | | |
| AKT Promontory | 30 | 189 | \$6,590,224 | \$ - | \$6,590,224 | \$427,356 | \$138,787 | 9.3% | \$2,333,758 | 2.8 |
| Toll Brothers ⁽²⁾ | 92 | 92 | 11,300,648 | 2,116,327 | 13,416,975 | 210,495 | 157,750 | 10.6% | 2,652,623 | 5.1 |
| Renasci ⁽³⁾ | 1 | 63 | 968,189 | - | 968,189 | 146,695 | 109,936 | 7.4% | 1,848,617 | 0.5 |
| Standard Pacific ⁽⁴⁾ | 55 | 117 | 4,638,462 | - | 4,638,462 | 124,108 | 93,010 | 6.3% | 1,563,998 | 3.0 |
| Lafayette Investments | 10 | 10 | 1,235,579 | - | 1,235,579 | 23,385 | 17,450 | 1.2% | 293,432 | 4.2 |
| Subtotal | 188 | 471 | \$24,733,102 | \$2,116,327 | \$26,849,429 | \$931,939 | \$516,933 | 34.8% | \$8,692,427 | 3.1 |
| Individual Property Owners | | | | | | | | | | |
| Unimproved Lots | 61 | 62 | 11,972,593 | - | 11,972,593 | 140,330 | 105,166 | 7.1% | 1,768,407 | 6.8 |
| Completed Homes | 533 | 533 | 109,533,301 | 265,536,779 | 375,070,080 | 1,153,741 | 864,634 | 58.2% | 14,539,166 | 25.8 |
| Subtotal | 594 | 595 | \$121,505,894 | \$265,536,779 | \$387,042,673 | \$1,294,072 | \$969,800 | 65.2% | \$16,307,573 | 23.7 |
| Total: | 782 | 1,066 | \$146,238,996 | \$267,653,106 | \$413,892,102 | \$2,226,011 | \$1,486,733 | 100% | \$22,938,161 | 16.6 |

(1) Reflects actual or planned lots

(2) Includes 4 completed model homes and 88 unimproved lots.

(3) Assessed value is as of January 1, 2014. On November 18, 2014 this property sold for \$4,410,000.

(4) Reflects Standard Pacific activity as of April 1, 2015, at least 21 homes have been completed, with 10 of those sold, and another 16 under construction.

(5) Includes a refunding of the 2002 and 2005 Bonds and new money proceeds; allocated on the basis of the FY14-15 tax levy.

Source: NBS and the Master Developer.

The table below summarizes the fiscal year 2014-15 value to debt ratio ranges.

TABLE 12
El Dorado County
Community Facilities District No. 2001-1 (Promontory)
Value to Bonded Debt Categories

| <u>Value-to-Debt Category</u> | <u>FY14-15 Assessed Value</u> | | | | | <u>Allocated Bond Share (1)</u> | <u>2014-15 Special Tax Levy</u> | <u>Percent of Levy</u> |
|--|-------------------------------|-----------------------|----------------------|------------------------|----------------------|---------------------------------|---------------------------------|------------------------|
| | <u>Parcels</u> | <u>Expected Units</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | | | |
| 25:1 and Greater | 309 | 309 | \$71,434,127 | \$174,742,855 | \$246,176,982 | \$8,486,020 | \$504,658 | 33.9% |
| Greater than 10:1 – less than 25:1 | 226 | 227 | 41,959,914 | 92,799,251 | 134,759,165 | 6,300,945 | 374,713 | 25.2% |
| Greater than 5:1 – less than 10:1 | 46 | 117 | 10,716,468 | 111,000 | 10,827,468 | 1,704,761 | 101,381 | 6.8% |
| Greater than 3:1 – less than 5:1 | 129 | 168 | 15,008,936 | - | 15,008,936 | 3,834,817 | 228,054 | 15.3% |
| Greater than 2:1 – less than 3:1 | 60 | 83 | 3,600,852 | - | 3,600,852 | 1,423,154 | 84,634 | 5.7% |
| Greater than 1:1 - less than 2:1 | 8 | 28 | 1,307,042 | - | 1,307,042 | 821,600 | 48,860 | 3.3% |
| Less than 1:1 | 3 | 101 | 1,511,697 | - | 1,511,697 | 2,428,704 | 144,433 | 9.7% |
| Subtotal | 781 | 1,033 | \$145,539,036 | \$267,653,106 | \$413,192,142 | \$25,000,000 | \$1,486,733 | 100.0% |
| Parcels not subject to levy in FY14-15 | <u>1</u> | <u>33</u> | <u>699,960</u> | - | <u>699,960</u> | - | - | - |
| Total | 782 | 1,066 | 146,238,996 | \$267,653,106 | \$413,892,102 | \$25,000,000 | \$1,486,733 | 100% |

Detail on 3:1 and lower Value-to-Debt

| <u>Owner</u> | <u>Village</u> | <u>Land Use</u> | <u>FY14-15 Assessed Value</u> | | | | | <u>Allocated Bond Share (1)</u> | <u>2014-15 Special Tax Levy</u> | <u>Percent of Levy</u> |
|------------------|----------------|---------------------|-------------------------------|--------------|--------------------|------------------------|--------------------|---------------------------------|---------------------------------|------------------------|
| | | | <u>Parcels</u> | <u>Units</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | | | |
| Mixed | 1, 2, 4, 6-2 | Single Family Lots | 27 | 27 | \$1,717,771 | \$- | \$1,717,771 | \$786,405 | \$46,767 | 3.1% |
| AKT/Russell | 6-3 | Large Lot Parcel | 1 | 14 | 379,000 | - | 379,000 | 410,800 | 24,430 | 1.6% |
| AKT/Russell | 6-3 | Large Lot Parcel | 1 | 21 | 950,000 | - | 950,000 | 616,200 | 36,645 | 2.5% |
| AKT/Russell | 7-1 | Large Lot Parcel | 1 | 24 | 164,508 | - | 164,508 | 547,744 | 32,574 | 2.2% |
| Renasci (2) | 8 | Large Lot Parcel | 1 | 63 | 968,189 | - | 968,189 | 1,848,617 | 109,936 | 7.4% |
| | | High Density Single | | | | | | | | |
| Standard Pacific | Lot D-1 | Family | 1 | 63 | 2,240,123 | - | 2,240,123 | 842,148 | 50,082 | 3.4% |
| Total | | | 32 | 212 | \$6,419,591 | \$- | \$6,419,591 | \$25,000,000 | \$300,434 | 20.2% |

(1) Includes refunding of 2002 and 2005 Bonds and new money proceeds; allocated based on FY14-15 special tax levy

(2) Assessed value is as of January 1, 2014. On November 18, 2014 this property sold for \$4,410,000.

Source: NBS Government Group.

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 purpose would be to finance additional regional or local public improvements or services. 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 the Current Developer or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be in a junior position to the lien of the Special Tax.

Direct and Overlapping Governmental Obligations

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, 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.

There can be no assurance that the property owners within the District 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 the Current Developer.

Private liens, such as deeds of trust securing loans obtained by a property owner, 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.

Overlapping Debt Statement. Contained within the boundaries of the District are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the District as of _____, 2015, is shown in the table below, a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. These long-term obligations are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The amount shown reflects the amount outstanding as of the date indicated and does not reflect the amount of authorized but unissued debt.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps the

District; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the public agency's assessed valuation represented in column 2.

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TABLE 13
County of El Dorado
Community Facilities District No. 2001-1
(Promontory Specific Plan)
Direct and Overlapping Governmental Obligations
As of _____, 2015

2013-14 Local Secured Assessed Valuation: \$ _____

Source: California Municipal Statistics, Inc.

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Estimated Tax Burden on Single Family Home

Based on estimated home assessed valuation of \$670,529, the County's District Administrator has estimated that the overall tax burden was approximately 1.34% in fiscal year 2013-14. Because the special tax levy is expected to increase for FY 15-16, the overall tax burden is estimated to be approximately 1.39% in fiscal year 2015-16, as shown in the following table.

TABLE 14
El Dorado County
CFD No. 2001-1 (Promontory)
Illustrative Tax Burden for Single-Family Residential Parcel
(Fiscal Year 2015-16)*

| | Estimated FY15-16 Amount |
|------------------------------|-------------------------------------|
| Basic Prop 13 Property Taxes | \$6,635 |
| GO Overrides | 419 |
| Total General Tax | 7,054 |
| Promontory Special Taxes | 1,896 ⁽¹⁾ |
| Other Taxes and Fees | 397 |
| Total Taxes and Charges | \$9,347 |
| Assessed Value | \$670,529 |
| Total taxes as % of AV | 1.39% |

* The sample parcel was selected due to having an average assessed value and billing amount for developed parcels in the District.

(1) The Anticipated Special Tax for 2015-16 has been included to provide a conservative tax burden estimate.

Source: NBS.

Appraisal of Undeveloped Land

The County ordered preparation of an appraisal report of the "not less than" estimated market values as of July 19, 2014, of undeveloped parcels within the District owned by Standard Pacific Corporation, Toll Land XXIII and AKT Promontory LLC/Russell Promontory, as well as the remaining 71 undeveloped custom lots within the District. The Appraisal was prepared by Bender Rosenthal, Inc., Sacramento, California (the "**Appraiser**"). The County has additionally ordered an update letter from the Appraiser, dated as of May 15, 2015 providing a valuation as of April 1, 2015 (the "**Appraisal**"). The Appraisal is set forth in APPENDIX C hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety.

The Appraiser's opinion that the cumulative, or aggregate, value of the fee simple interest in the appraised properties, in accordance with the assumptions and conditions set forth in the Appraisal is as follows:

| <u>Owner</u> | <u>Appraised Value</u> |
|-----------------------------|------------------------|
| Standard Pacific Corp. | \$10,450,000 |
| Toll Land XXIII (V5) | 5,950,000 |
| 71 Custom Lots Retail Value | <u>16,165,000</u> |
| TOTAL | <u>49,365,000</u> |

For information supporting the above valuation, see "APPENDIX C –APPRAISAL REPORT OF UNDEVELOPED PROPERTY."

In considering the estimate of value evidenced by the Appraisal, it should be noted that the Appraisal is based upon a number of standard and special assumptions which affect the estimate as to value. Because the Appraisal sets forth the Appraiser's opinion as to value only as of the date of such Appraisal, it does not reflect any changes to value that might have occurred since that date or which may occur in the future.

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 "Priority of Lien" below.

For a description of certain risks that might affect the assumptions made in the Appraisal, see "SPECIAL RISK FACTORS" herein.

The following table shows certain information relative to the appraised valuation.

Table 15
El Dorado County
CFD No. 2001-1 (Promontory)
Appraised Values

| Owner | Parcels | Units ⁽¹⁾ | Total FY 14-15 Assessed Value | Appraised Values | Composite Value | Composite VTL |
|------------------------------------|----------------|-----------------------------|--------------------------------------|-------------------------|------------------------|----------------------|
| Undeveloped Property | | | | | | |
| AKT Promontory | 31 | 252 | \$7,558,413 | \$16,800,000 | \$16,800,000 | 3.8 |
| Toll Brothers ⁽²⁾ | 88 | 88 | 10,696,000 | 5,950,000 | 5,950,000 | 2.4 |
| Standard Pacific | 44 | 106 | 4,138,199 | 10,450,000 | 10,450,000 | 6.3 |
| Lafayette Invstmnts ⁽³⁾ | 10 | 10 | 1,235,579 | 10,450,000 | 10,450,000 | 6.3 |
| <i>Subtotal</i> | 173 | 4456 | \$23,628,191 | \$33,200,000 | \$33,200,000 | 3.9 |
| Individually-owned lots | 61 | 62 | 11,972,593 | 16,165,000 | 16,165,000 | 7.0 |
| Completed Homes | 548 | 548 | \$378,291,318 | \$- | \$378,291,318 | 26.7 |
| Total | 782 | 1,066 | \$413,892,102 | \$49,365,000 | \$460,856,318 | 17.1 |

(1) Reflects actual or planned lots

(2) Reflects Standard Pacific activity as of January 1, 2014; since then, at least 21 homes have been completed and an additional 16 are under construction.

(3) Includes a refunding of the 2002 and 2005 Bonds and new money proceeds; allocated on the basis of the FY14-15 tax levy.
 Source: NBS and the Master Developer.

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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 2015 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 2015 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.

Concentration of Property Ownership

A large portion of the taxable property in the District is currently undeveloped and owned by the Developer or other developer entities. Such concentration of ownership means that the timely payment of the 2015 Bonds is dependent upon the continued willingness and ability of the Developer and the other developer entities to pay the Special Taxes when due. Ownership of property in the District is beginning to diversify, but until further diversification of ownership occurs, the failure of the Developer, other developer entities, any merchant builders or others purchasing substantial portions of the property in the District to pay installments of the Special Taxes when due could result in the rapid total depletion of the Reserve Fund prior to reimbursement from delinquent collections or the sale or redemption of the property in connection with foreclosure proceedings. If additional delinquencies were to occur following depletion of the Reserve Fund, there could be a delay in payments to the Bondholders of principal of and interest on the 2015 Bonds. 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 payment of one or more installments of the Special Tax as more fully described herein. See "SECURITY FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Foreclosure."

Although the only asset of any owner of real property subject to the Special Tax securing the 2015 Bonds is such real property, the overall financial condition of the owner may affect the owner's willingness or ability to pay the Special Tax when due. A reduction in the Developer's cash flow which differs significantly from the Developer's cash flow projections could be a significant factor affecting the ability or willingness of the Developer to pay the Special Tax or to complete the Development.

In addition, as property in the District is developed and sold, it is more likely that the Special Tax on that property will be paid off in full, thus releasing those parcels from the lien of the Special Tax and thereby maintaining to a large extent the Developer's and/or Russell-Promontory's concentration of ownership of the remaining taxable parcels in the District.

Failure or Inability to Complete Proposed Development on a Timely Basis

A major risk to the Bondholders is that the Development 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 those assumed in the Market Absorption Study or the Appraisal, an inability of the Developer 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.

Moreover, the Developer must comply with certain conditions, including the provision of required infrastructure and water, prior to being able to record the final map creating the ultimate residential or village lots as more fully described herein under "THE DISTRICT."

First, partially developed land may be less valuable than developed land and may provide less security to the owners of the 2015 Bonds should it be necessary for the District 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 2015 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 2015 Bonds more dependent upon timely payment of the Special Taxes levied on the undeveloped property. Because of the concentration of property ownership, until sales are well underway, the timely payment of the 2015 Bonds depends upon the willingness and ability of the Developer, Russell-Promontory, and any merchant builders to whom finished lots are sold to pay the Special Taxes levied on the undeveloped land when due. Moreover, the Rate and Method allocates the Special Tax first to Developed Parcels (those for which a final map has been recorded), second to Large Lot Parcels and third to Original Parcels, as more fully described herein under "SECURITY FOR THE BONDS – Special Tax Methodology."

It is currently contemplated that Special Taxes collected from Developed Parcels (the majority of which are no longer owned by the Developer) will be sufficient to pay all Annual Costs, including annual debt service on the 2015 Bonds. A slowdown or stoppage in sales to merchant developers or in work or sales to ultimate purchasers would require that the Developer and any merchant builders continue to pay the Special Tax on unsold property for a longer period than contemplated and could reduce their willingness or ability to make Special Tax payments. The Rate and Method allocates Annual Costs (the basis for the Special Tax) each year first to Developed Parcels until such time as Annual Costs equal 100% of the aggregate Maximum Annual Special Taxes for all Developed Parcels; excess amounts are allocated to Large Lot and Original Parcels as more fully described herein under "SECURITY FOR THE BONDS – Special Tax Methodology" until 100% of the Maximum Annual Special Tax is reached for such parcels. A slowdown in work could result in fewer than expected Developed Parcels at any particular time, such Developed Parcels being taxed at the rate of 100% of the Maximum Annual Special Tax rate for a longer period than contemplated, and could negatively impact the ability or willingness of homeowners or others owning Developed Parcels to pay the Special Tax. Furthermore, continued concentration of ownership increases the potential negative impact of a bankruptcy or other financial difficulty experienced by the Developer, Russell-Promontory or a merchant builder who purchases finished lots from the Developer. See "SPECIAL RISK FACTORS - Bankruptcy and Foreclosure Delays." In addition, the value of property in the District, as determined by the Appraiser, could decrease because the Appraiser has assumed that the parcels are capable of being developed into finished lots. Although most of the Facilities to be acquired with the proceeds of the 2015 Bonds have already been constructed, a slowdown in further development activity in the District could lead to the risks discussed above.

Disclosures to Future Purchasers

The District has recorded a Notice of Special Tax Lien in the Office of the County Recorder. 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, a home or a commercial or retail facility 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 the Developer to comply with all disclosure requirements of the Act, specifically including the notice to prospective purchasers under Section 53341.5 of the Act.

Future Land Use Regulations

The Development is the subject of a Specific Plan and a recorded Development Agreement. Some of the property in the Development also has approved tentative and/or final maps.

Notwithstanding that the Development Agreement and certain other land use approvals have been obtained, no assurance can be given that such documentation will ultimately exempt the Development 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 Development Act, 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 the Developer, 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 2015 Bonds, or beneficial ownership interests therein, in that an inability to complete the Development as planned increases the risk that the 2015 Bonds will not be repaid when due. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis."

California Drought; State of Emergency Proclamation

On January 17, 2014, with California facing water shortfalls in the then-driest year in recorded state history, Governor Edmund G. Brown Jr. proclaimed a State of Emergency and directed state officials to take all necessary actions to prepare for these drought conditions. In the State of Emergency declaration, Governor Brown directed state officials to assist farmers and communities that are economically impacted by dry conditions and to ensure the State can respond if Californians face drinking water shortages. The Governor also directed state agencies to use less water and hire more firefighters and initiated a greatly expanded water conservation public awareness. In addition, the proclamation gave state water officials more flexibility to manage supply throughout California under drought conditions.

The Governor's drought State of Emergency follows a series of actions the administration has taken to ensure that California is prepared for record dry conditions. In May 2013, Governor Brown issued an Executive Order to direct state water officials to expedite the review and processing of voluntary transfers of water and water rights. In December 2014, the Governor formed a Drought Task Force to review expected water allocations, California's preparedness for water scarcity and whether conditions merit a drought declaration.

On April 1, 2015, for the first time in state history, the Governor directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25 percent. This savings amounts to approximately 1.5 million acre-feet of water over the following nine months.

California set a new "low water" mark on April 1, 2015, with its early-April snowpack measurement. The statewide electronic reading of the snowpack's water content stood at 5 percent of the April 1st average. April 1, 2015's content was only 1.4 inches, or 5 percent, of the 28-inch average. The lowest previous reading since 1950 was 25 percent of average, so water year 2015 is the driest winter in California's written record.

The implementation of mandatory water reductions is ongoing. The Water District cannot predict how long the drought conditions will last, what effect drought conditions may have on property values or whether or to what extent water reduction requirements may affect the District.

Earthquakes

The District, like all 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. 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. Although the Developer believes that no federally listed endangered or threatened species would be affected by the proposed development within the District, other than any that are permitted by the entitlements already received, the discovery of an endangered plant or animal could delay development of vacant property in the District or reduce the value of undeveloped property. 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."

During recent years, there has been an increase in activity at the State and federal level related to the possible listing of certain plant and animal species found in California as endangered species. An increase in the number of endangered species is expected to curtail development in a number of areas. The Developer indicates that no special status plant or wildlife species were found on site during the field surveys conducted in preparation of the EIR. According to the Developer, a few Valley Elderberry Longhorn Beetle ("VELB") bushes have been identified to date, but the Developer indicates that it has complied with all regulatory requirements by avoiding all bushes that are protected, and such bushes do not hinder the development plan. The Developer reports 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 of California or federal endangered species acts, inhabits any of the property within the District. Notwithstanding this fact, 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 Developer's ability to complete the Development 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" and " - Land Values."

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. The Appraisal does not take into account the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel.

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 El Dorado 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 a 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 three-quarters of a mile to the east 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

As described herein under "THE DISTRICT - Water Availability," 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 12 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.

Water allocations for full development of the District is not yet certain. While the Developer projects that there will be sufficient allotments available to all parcels within the District, no assurance can be made that this will in fact be the case. See "THE DISTRICT - Water Availability" above. Moreover, the County, like most of the State of California, experienced an extended drought period that began in 1987 and continued until the winter of 1992-93. Due to the volatility of weather patterns, there can be no assurance that drought conditions will not persist or reoccur and such conditions can affect water allocation plans that otherwise would have accommodated full development of the District.

The Appraisal is based upon a variety of assumptions and limiting conditions. Reference should be made to the Appraisal contained in APPENDIX B hereto for a list of such assumptions and conditions. Prospective purchasers of the 2015 Bonds should not assume that the property within the District could be sold for the 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 Appraiser in determining the appraised value. For additional information concerning the Appraisal and the assumptions contained therein, see "VALUE OF PROPERTY IN THE DISTRICT."

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, and the Development Agreement could terminate prior to completion of the Development. The anticipated diversity of ownership of land within the District would be reduced, making the owners of the Bonds more dependent upon the Developer's or Russell-Promontory's timely payment of the Special Taxes levied on the undeveloped property. Furthermore, such an increased period of concentration of ownership increases the potential negative impact of any bankruptcy or other financial

difficulties experienced by the Developer, Russell-Promontory or their successors. See "SPECIAL RISK FACTORS - Bankruptcy and Foreclosure Delays" below. 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 "THE DISTRICT - Water Availability." See also the risk factor "Future Land Use Regulations" above.

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 2015 Bonds when due.

The County has covenanted that it will not issue additional bonds on secured on parity with the Bonds unless conditions are met, including specified debt service coverage and lien-to-value requirements. See "SECURITY FOR THE BONDS - Additional Bonds."

Private Indebtedness

Deeds of trust securing residential mortgages or construction financing will likely encumber those properties sold by the Developer to third parties. Such existing private liens, as well as any future private liens secured by land within the District, are subordinate to the lien securing the Special Tax. Liens securing construction financing may be satisfied and released from residential parcels (using sale proceeds) when such parcels are sold. Nevertheless, the existence of such private debt and of any additional residential mortgages or construction financing that may be needed in connection with completion or sale of homes in the Development could reduce the ability of the Developer or any other owners of the property to pay the Special Tax. In addition, other financial obligations of property owners, such as homeowners' association fees, may also affect their ability to pay the Special Tax.

Land Values

The property within the District owned by the Developer is presently unencumbered by deeds of trust. Deeds of trust securing residential mortgages or construction financing will likely encumber those properties sold by the Developer to third parties. Any future private liens secured by land within the District, are subordinate to the lien securing the Special Tax. Liens securing construction financing may be satisfied and released from residential parcels (using sale proceeds) when such parcels are sold. Nevertheless, the existence of such private debt and of any additional residential mortgages or construction financing that may be needed in connection with completion or sale of homes in the Development could reduce the ability of the Developer or any other owners of the property to pay the Special Tax. In addition, other financial obligations of property owners, such as homeowners' association fees, may also affect their ability to pay the Special Tax.

The Appraisal is based upon a variety of assumptions and limiting conditions. Reference should be made to the Appraisal contained in APPENDIX B hereto for a list of such assumptions and conditions. Prospective purchasers of the 2015 Bonds should not assume that the property within the District could be sold for the 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 Appraiser in determining the appraised value. For additional information concerning the Appraisal and the assumptions contained therein, see "VALUE OF PROPERTY IN THE DISTRICT."

Collection of Special Tax

In order to pay debt service on the 2015 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 FOR THE BONDS - Reserve Funds."

The Fiscal Agent Agreements 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 FOR THE BONDS - Special Taxes." 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. 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 Agreements, the amount of the delinquency; all as more fully described herein under "SECURITY FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Foreclosure." 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 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 2015 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 Annual Special Tax Rates

Within the limits of the Special Tax, 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 Required Bond Reserve 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 Maximum Annual Special Tax rates. In the event of delinquencies, there is no assurance that the imposition of the Maximum Annual 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 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 Maximum Annual 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.

The ability of the County to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax installment may be limited in certain respects with regard to property in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The County is unable to predict what effect this assertion would have in the event of a delinquency on a parcel within the District in which the FDIC has or obtains an interest. In addition, although the FDIC does not claim immunity from *ad valorem* property taxation, it requires a foreclosing entity to obtain FDIC's consent to foreclosure proceedings. Prohibiting a foreclosure on property owned by the FDIC could significantly reduce the amount available to pay the principal of and interest

on the 2015 Bonds. Either outcome would cause a draw on the Reserve Fund and perhaps, ultimately, a default in the payment on the 2015 Bonds. According to the County and the Developer, there is no indication that the FDIC currently owns any property in the District.

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 2015 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 2015 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 Redemption Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2015 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 Glasply 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 2015 Bonds do not contain a provision allowing for the acceleration of the 2015 Bonds in the event of a payment default or other default under the *terms* of the 2015 Bonds or the Fiscal Agent Agreements. Pursuant to the Fiscal Agent Agreements, a bondholder is *given* the right, for the equal benefit and protection of all bondholders similarly situated, to pursue certain remedies described under "THE FISCAL AGENT AGREEMENT - Remedies of Bondholders." So long as the 2015 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 – DTC AND THE BOOK-ENTRY SYSTEM."

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS - Tax Exemption," interest on the 2015 Bonds might become includable in gross income for purposes of federal income taxation retroactive to

the date the 2015 Bonds were issued, as a result of future acts or omissions of the County in violation of its covenants in the Fiscal Agent Agreements. The Fiscal Agent Agreements do not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2015 Bonds were to be includable in gross income for purposes of federal income taxation, the 2015 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. See "THE BONDS - Redemption."

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 the Developer to complete the Development. Government Code Section 66474.3 requires a city or county to permit the portion of a development project served by bond-financed infrastructure to proceed in a manner consistent with an approved tentative map or vesting tentative map, notwithstanding the effect of an initiative measure enacted at least 90 days after the issuance of bonds, if the legislative body of the city or county finds that as a result of the initiative measure there is likely to be a default on the land-secured bonds issued to finance such infrastructure. To date, there are no reported cases in California with respect to the constitutionality of Government Code Section 66474.3.

Absence of Secondary Market for the 2015 Bonds

No application has been made for a credit rating for the 2015 Bonds, and it is not known whether a credit rating could be secured either now or in the future for the 2015 Bonds. There can be no assurance that there will ever be a secondary market for purchase or sale of the 2015 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 2015 Bonds should therefore be considered long-term investments in which funds are committed to maturity, subject to redemption prior to maturity as described herein.

California Drought Conditions

On January 17, 2014, with California facing water shortfalls in the then driest year in recorded state history, Governor Edmund G. Brown Jr. proclaimed a State of Emergency and directed state officials to take all necessary actions to prepare for these drought conditions. In the State of Emergency declaration, Governor Brown directed state officials to assist farmers and communities that are economically impacted by dry conditions and to ensure the State can respond if Californians face drinking water shortages. The Governor also directed state agencies to use less water and hire more firefighters and initiated a greatly expanded water conservation public awareness. In addition, the proclamation gave state water officials more flexibility to manage supply throughout California under drought conditions.

The Governor's State of Emergency follows a series of actions the administration has taken to ensure that California is prepared for record dry conditions. In May 2013, Governor Brown issued an Executive Order to direct state water officials to expedite the review and processing of voluntary transfers of water and water rights. In December 2014, the Governor formed a Drought Task Force to review expected water allocations, California's preparedness for water scarcity and whether conditions

merit a drought declaration.

On April 1, 2015, for the first time in state history, the Governor directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25 percent. This savings amounts to approximately 1.5 million acre-feet of water over the next nine months.

California set a new "low water" mark on April 1, 2015, with its early-April snowpack measurement. The statewide electronic reading of the snowpack's water content stood at 5 percent of the April 1st average. April 1, 2015's content was only 1.4 inches, or 5 percent of the 28-inch average. The lowest previous reading since 1950 was 25 percent of average, so year 2015 is the driest winter in California's written record.

The implementation of mandatory water reductions is ongoing. The District cannot predict how long the drought conditions will last, what effect drought conditions may have on property values or whether or to what extent water reduction requirements may affect the homeowners in the District.

LEGAL MATTERS

Legal Opinions

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

Jones Hall, A Professional Law Corporation, San Francisco, California, has served as Disclosure Counsel to the County. The County Attorney will pass upon certain legal matters for the County as its general counsel.

Tax Exemption

Opinion of Bond Counsel. 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 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 imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

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**") that must be satisfied subsequent to the issuance of the Bonds. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 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 (excluding bond houses and brokers) at which a 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 is 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 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 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 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 Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the 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 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the 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 Bond premium is not deductible for federal income tax purposes. Owners of premium 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 Bonds.

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

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

No Litigation

At the time of delivery of and payment for the Bonds, the County Attorney 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 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 Bonds, or in any way contesting or affecting the validity or enforceability of the 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 Bonds or any action of the County contemplated by any of said documents. [To Be Confirmed]

CONTINUING DISCLOSURE

The County has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than January 15 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 2013-14, and provide notices of the occurrence of certain enumerated events.

The Annual Report 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**"). Likewise, the notices of enumerated events will be filed with the MSRB. These covenants 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 enumerated events by the County is summarized in "APPENDIX D - Form of Continuing Disclosure Certificate."

[[[The County has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of bonds. Certain continuing disclosure information with respect to previous undertakings were _____. In order to assist it in complying with its disclosure undertakings, including timely submission of information, for its outstanding bonds and the Bonds, the District will utilize a third party to serve as its dissemination agent to assist with future disclosure undertakings.]]]

RATINGS

Standard & Poor's Financial Services LLC, a subsidiary of the McGraw-Hill Companies, Inc. ("**S&P**"), is expected to assign its municipal bond rating of "_____" with the understanding that upon delivery of the Senior Lien Bonds, the Bond Insurer will deliver its Policy with respect to the Senior Lien Bonds. In addition, S&P has assigned an underlying rating of "_____" to the Senior Lien Bonds. These ratings reflect only the view of S&P, and an explanation of the significance of the ratings, and any outlook assigned to or associated with the ratings, should be obtained from S&P. **No rating has been assigned to the Junior Lien Bonds.**

The County provided certain information and materials to the rating agency (some of which does not appear in this Official Statement) in connection with the application for a rating. Generally, a rating agency bases its rating on the information and materials furnished to it, as well as investigations, studies and assumptions of its own.

There is no assurance that this rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

The Senior Lien Bonds are being purchased by Stifel, Nicolaus & Company, Inc (the "**Underwriter**"), at a purchase price of \$_____ (representing the principal of amount of the Senior Lien Bonds, less an underwriter's discount of \$_____, plus a net original issue premium of \$_____). The Junior Lien Bonds are being purchased by the Underwriter at a purchase price of \$_____ (representing the principal of amount of the Junior Lien Bonds, less an underwriter's discount of \$_____, less a net original issue discount 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.

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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; 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

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APPENDIX A

GENERAL INFORMATION ABOUT THE COUNTY OF EL DORADO

The District's boundaries include portions of the County of El Dorado. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuation" in the body of the Official Statement. 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 ("**El Dorado County**") was incorporated as a general law county in 1850, with the City of Placerville as the county seat. In 1994 El Dorado County voters adopted a county charter by majority vote under Article XI, Section 4 of the California Constitution, and El Dorado County has been organized and operating as a charter county since that time. The legislative body is a five-member Board of Supervisors, each supervisor being elected by voters within his or her supervisorial district. Because much of El Dorado County is comprised of unincorporated areas, the County provides a wide range of services through its departments and by special districts for these areas.

El Dorado County is comprised of 1,711.5 square miles encompassing a portion of Lake Tahoe on the east and reaching to the west within 25 miles of Sacramento, California, the State capital. More than half of the land in the County is owned by the federal, state or local governments. 150 miles west of the County is San Francisco, while 400 miles south is Los Angeles. Placerville is located 44 miles east of Sacramento. The City of Lake Tahoe, sixty miles east of Placerville, is the hub of the Tahoe recreation area.

Population

The historic population estimates for the City, the County and the State of California as of January 1 of the calendar years 2011 through 2015 are listed below.

County of El Dorado and State of California Population Estimates

| Calendar Year | El Dorado County | State of California |
|------------------|---------------------|------------------------|
| 2011 | 180,483 | 37,427,946 |
| 2012 | 180,712 | 37,678,563 |
| 2013 | 181,997 | 37,984,138 |
| 2014 | 183,287 | 38,357,121 |
| 2015 | 184,917 | 38,714,725 |

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 City, the County, the State and the United States for the period 2010 through 2014. Effective Buying Income data is not yet available for calendar year 2015.

EI DORADO COUNTY AND THE COUNTY OF EL DORADO Effective Buying Income 2010 through 2014

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|------|------------------|---|---|
| 2010 | El Dorado County | \$ 4,642,448 | \$52,782 |
| | California | 801,393,028 | 47,177 |
| | United States | 6,365,020,076 | 41,368 |
| 2011 | El Dorado County | \$ 4,914,270 | \$52,902 |
| | California | 814,578,458 | 47,062 |
| | United States | 6,438,704,663 | 41,253 |
| 2012 | El Dorado County | \$ 5,207,083 | \$54,870 |
| | California | 864,088,828 | 47,307 |
| | United States | 6,737,867,730 | 41,358 |
| 2013 | El Dorado County | \$ 4,829,780 | \$52,204 |
| | California | 858,676,636 | 48,340 |
| | United States | 6,982,757,379 | 43,715 |
| 2014 | El Dorado County | \$ 5,395,993 | \$58,399 |
| | California | 901,189,699 | 50,072 |
| | United States | 7,357,153,421 | 45,448 |

Source: The Neilson Company Inc.

Taxable Transactions

A summary of historic taxable sales within El Dorado County during the past five years in which data is available is shown in the following table. Annual figures for calendar year 2014 are not yet available.

Total taxable sales during the calendar year 2013 in El Dorado County were reported to be \$1,877,143,000 a 7.87% increase over the total taxable sales of \$1,740,172,000 reported during the calendar year 2012.

**EL DORADO COUNTY
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)**

| | Retail Stores | | Total All Outlets | |
|------|-------------------|----------------------|-------------------|----------------------|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2009 | 3,831 | 1,073,469 | 5,592 | 1,527,935 |
| 2010 | 3,928 | 1,119,482 | 5,702 | 1,561,471 |
| 2011 | 3,849 | 1,189,421 | 5,589 | 1,651,689 |
| 2012 | 3,939 | 1,267,343 | 5,627 | 1,740,172 |
| 2013 | 4,144 | 1,373,546 | 5,783 | 1,877,143 |

Source: California State Board of Equalization, Taxable Sales in California.

Largest Employers

The following chart presents the major employers in the County as of March 2015.

EL DORADO COUNTY Major Employers March 2015

| Employer Name | Location | Industry |
|--------------------------------|------------------|--|
| Barton Memorial Hospital | South Lake Tahoe | Hospitals |
| Blue Shield of California | El Dorado Hills | Insurance |
| Cemex | El Dorado Hills | Construction Materials NEC (Whls) |
| Child Development Programs | Placerville | Child Care Service |
| County of Eldorado | Placerville | County Government-General Offices |
| Cyber Quest-Red Hawk Casino | Placerville | Amusement & Theme Parks |
| Dst Output | El Dorado Hills | Direct Mail Services |
| El Dorado Cnty Transportation | Placerville | County Govt-Transportation Programs |
| El Dorado County Human Svc | Placerville | County Government-Social/Human Resources |
| El Dorado County Sheriff | Placerville | Sheriff |
| El Dorado Irrigation District | Placerville | Water & Sewage Companies-Utility |
| Lake Tahoe Community College | South Lake Tahoe | Schools-Universities & Colleges Academic |
| Marriott | El Dorado Hills | Hotels & Motels |
| Marriott-Grand Residence Tahoe | South Lake Tahoe | Hotels & Motels |
| Marriott-Timber Lodge | South Lake Tahoe | Hotels & Motels |
| Mc Clone Construction Co | Cameron Park | General Contractors |
| More | Placerville | Rehabilitation Services |
| Mother Lode Bail Bonds | Placerville | Bonds-Bail |
| Pacific Gas & Electric Co | Placerville | Electric Companies |
| Raley's | El Dorado Hills | Grocers-Retail |
| Raley's | Placerville | Grocers-Retail |
| 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 |

Source: State of California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2015 2nd Edition.

Employment

The District is included in the Sacramento Arden Arcade Roseville Metropolitan Statistical Area (“MSA”). The unemployment rate in the Sacramento-Roseville-Arden Arcade MSA was 5.6 percent in April 2015, down from a revised 5.9 percent in March 2015, and below the year-ago estimate of 6.9 percent. This compares with an unadjusted unemployment rate of 6.1 percent for California and 5.1 percent for the nation during the same period. The unemployment rate was 5.5 percent in El Dorado County, 4.8 percent in Placer County, 5.7 percent in Sacramento County, and 6.1 percent in Yolo County.

The table below lists employment by industry group for the MSA for the years 2009 through 2013. Annual figures are not yet available for calendar year 2014.

**SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA
(El Dorado, Placer, Sacramento, Yolo Counties)
Annual Average Labor Force and Employment Industry
Calendar Years 2010 through 2014 (March 2013 Benchmark)**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-----------|-----------|-----------|-----------|-----------|
| Civilian Labor Force ⁽¹⁾ | 1,048,500 | 1,044,400 | 1,049,500 | 1,046,800 | 1,049,200 |
| Employment | 918,700 | 920,900 | 941,100 | 956,100 | 974,100 |
| Unemployment | 129,700 | 123,600 | 108,300 | 90,800 | 75,100 |
| Unemployment Rate | 12.4% | 11.8% | 10.3% | 8.7% | 7.2% |
| Wage and Salary Employment ⁽²⁾ | | | | | |
| Agriculture | 8,100 | 8,200 | 8,600 | 8,900 | 9,200 |
| Mining and Logging | 400 | 500 | 400 | 500 | 500 |
| Construction | 38,400 | 36,900 | 38,400 | 43,300 | 45,500 |
| Manufacturing | 32,800 | 33,200 | 33,900 | 34,000 | 34,800 |
| Wholesale Trade | 22,800 | 23,700 | 25,200 | 25,000 | 24,700 |
| Retail Trade | 88,000 | 89,400 | 91,800 | 93,800 | 95,600 |
| Transportation, Warehousing and Utilities | 21,800 | 21,100 | 22,000 | 22,900 | 23,400 |
| Information | 17,200 | 16,300 | 15,600 | 14,800 | 13,700 |
| Finance and Insurance | 36,200 | 34,700 | 35,700 | 36,300 | 35,300 |
| Real Estate and Rental and Leasing | 12,200 | 12,000 | 12,500 | 13,100 | 13,400 |
| Professional and Business Services | 102,300 | 104,400 | 111,100 | 114,600 | 119,100 |
| Educational and Health Services | 115,100 | 116,900 | 121,300 | 128,400 | 134,900 |
| Leisure and Hospitality | 80,200 | 81,700 | 84,500 | 88,700 | 91,900 |
| Other Services | 28,100 | 28,000 | 28,600 | 29,000 | 30,400 |
| Federal Government | 14,700 | 14,000 | 13,700 | 13,500 | 13,500 |
| State Government | 110,900 | 109,700 | 108,200 | 109,900 | 113,500 |
| Local Government | 104,700 | 100,900 | 99,600 | 99,200 | 100,400 |
| Total, All Industries ⁽³⁾ | 833,800 | 831,500 | 851,100 | 875,700 | 899,600 |

(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) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Construction Trends

Provided below are the building permits and valuations for the County for calendar years 2010 through 2014. Annual figures are not yet available for calendar year 2014.

EL DORADO COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Permit Valuation | | | | | |
| New Single-family | \$40,884.0 | \$54,694.8 | \$51,963.9 | \$116,123.0 | \$155,902.6 |
| New Multi-family | 1,306.3 | 0.0 | 33,132.7 | 4,913.4 | 5,605.8 |
| Res. Alterations/Additions | <u>21,741.4</u> | <u>41,433.9</u> | <u>49,227.5</u> | <u>51,096.6</u> | <u>44,067.1</u> |
| Total Residential | 63,931.7 | 96,128.7 | 134,324.1 | 172,133.0 | 205,575.5 |
| | | | | | |
| New Commercial | 4,355.1 | 11,636.0 | 869.6 | 63,119.4 | 5,188.8 |
| New Industrial | 0.0 | 0.0 | 0.0 | 340.0 | 244.3 |
| New Other | 14,997.7 | 1,320.5 | 0.0 | 14,386.6 | 27,389.2 |
| Com. Alterations/Additions | <u>11,810.0</u> | <u>47,718.4</u> | <u>818.4</u> | <u>19,524.6</u> | <u>22,756.5</u> |
| Total Nonresidential | \$31,162.8 | \$60,674.9 | \$1,688.0 | \$97,370.6 | 55,578.8 |
| | | | | | |
| New Dwelling Units | | | | | |
| Single Family | 110 | 137 | 123 | 293 | 396 |
| Multiple Family | <u>5</u> | <u>0</u> | <u>115</u> | <u>46</u> | <u>32</u> |
| TOTAL | 115 | 137 | 238 | 339 | 428 |

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 B

**RATE AND METHOD OF APPORTIONMENT FOR
COUNTY OF EL DORADO
COMMUNITY FACILITIES DISTRICT NO. 2001-1 (PROMONTORY SPECIFIC PLAN)**

DRAFT

APPENDIX C
APPRAISAL REPORT

DRAFT

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

SENIOR LIEN BONDS

_____, 2015

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

OPINION: \$_____ County of El Dorado Community Facilities District No. 2001-1
(Promontory Specific Plan) 2015 Series A Senior Lien Special Tax Bonds

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. 2001-1 (Promontory Specific Plan) 2015 Series A Senior Lien Special Tax Bonds (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 _____, 2015 (the "Resolution") and a Fiscal Agent Agreement, dated as of August 1, 2015 by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (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 municipal corporation and general law 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 imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the County complies 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 income 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. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

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.

Respectfully submitted,

FORM OF OPINION OF BOND COUNSEL

JUNIOR LIEN BONDS

_____, 2015

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

OPINION: \$_____ County of El Dorado Community Facilities District No. 2001-1
(Promontory Specific Plan) 2015 Series B Junior Lien Special Tax Bonds

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. 2001-1 (Promontory Specific Plan) 2015 Series B Junior Lien Special Tax Bonds (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 _____, 2015 (the "Resolution") and a Fiscal Agent Agreement, dated as of August 1, 2015 by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (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 municipal corporation and general law 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 Surplus 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 imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the County complies 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 income 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. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

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.

Respectfully submitted,

DRAFT

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

\$ _____
County of El Dorado
COMMUNITIES FACILITIES DISTRICT NO. 2001-1
(Promontory Specific Plan)
2015 Series A SENIOR LIEN
SPECIAL TAX BONDS

\$ _____
County of El Dorado
COMMUNITIES FACILITIES DISTRICT NO. 2001-1
(Promontory Specific Plan)
2015 Series B JUNIOR LIEN
SPECIAL TAX BONDS

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 a separate Fiscal Agent Agreement for each Series, each dated as of _____ 1, 2015 (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"). 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 January 15 after the end of the County's fiscal year (presently June 30).

"*Dissemination Agent*" means _____, or any successor Dissemination Agent designated in writing by the County and 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 _____, 2015, executed by the County in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Stifel Nicolaus & Co., 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 January 15, 2016, with the report for the 2015-16 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 in substantially the form attached as Exhibit A.

(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) 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. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. 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.

(b) 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 year.
- (3) Status of foreclosure proceedings and summary of results of foreclosure sales, if available.
- (4) Identity of any delinquent taxpayer representing more than 5% of levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available).

(c) 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 Issuer.
- (3) Assessed valuation of property shown on County Assessor's tax rolls with no "improvements" value in the District for the current (as of the date of the report) fiscal year.
- (4) List of landowners (as shown County Assessor's tax roll) and assessor's parcel number(s) of parcels held by owners whose properties collectively represent 10% or more of the Special Taxes for the current (as of the date of the report) fiscal year.
- (5) Number of building permits issued by the County for property in the District for the reported fiscal year.

(d) 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.

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.

(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 subsections (a)(8) and (9) 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), and (a)(14) 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.

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 Urban Futures, Inc.

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: _____, 2015

COUNTY OF EL DORADO for and on behalf of the
COUNTY OF EL DORADO COMMUNITY
FACILITIES DISTRICT NO. 2001-1
(PROMONTORY SPECIFIC PLAN)

By: _____
Authorized Officer

AGREED AND ACCEPTED:

_____,
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of El Dorado

Name of Bond Issue: County of El Dorado Community Facilities District No. 2001-1
(Promontory Specific Plan) 2015 Senior Series A and 2015 Junior Series
B Special Tax Bonds

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated _____, 2015 executed by the County and countersigned by _____, as dissemination agent. The County anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities 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.

Neither the issuer of the Securities (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "Agent") takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, 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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing

Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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. Beneficial Owners are, however, 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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; 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 Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. 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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX G
SPECIMEN BOND INSURANCE POLICY

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