

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, interest on the Refunding Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Refunding Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds. See "Tax Matters."

\$48,270,000*

**COMMUNITY FACILITIES DISTRICT NO. 1992-1
(EL DORADO HILLS DEVELOPMENT)
COUNTY OF EL DORADO, CALIFORNIA
2012 SPECIAL TAX REFUNDING BONDS**

Dated: Date of Issuance

Due: September 1, as shown on inside cover

The County of El Dorado (the "County") is issuing the above-captioned bonds (the "Refunding Bonds") for the principal purpose of (i) currently refunding the El Dorado Community Facilities District No. 1992-1 (El Dorado Hills Development), County of El Dorado, California, Series 1999 Special Tax Bonds, and (ii) currently refunding [a portion of] the Community Facilities District No. 1992-1 (El Dorado Hills Development), County of El Dorado, California, Series 2004 Special Tax Bonds. See "PLAN OF REFUNDING." The Refunding Bonds are being issued pursuant to an Indenture dated August 1, 1999, as amended and supplemented (the "Indenture"), between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent").

The Refunding Bonds are payable from the proceeds of annual Special Taxes (as defined herein) levied on property located within Community Facilities District No. 1992-1 (El Dorado Hills Development) (the "District") (see "DEVELOPMENT IN THE DISTRICT"), and from moneys in certain funds established under the Indenture. The Special Tax is levied according to a rate and method of apportionment of Special Tax approved in 1993 and modified in 1994 by the qualified electors of the District. See "SECURITY FOR THE BONDS – The Special Tax" and Appendix B – "Rate and Method of Apportionment of Special Tax."

Interest on the Refunding Bonds is payable on March 1, 2013, and semiannually thereafter on March 1 and September 1 of each year. The Refunding Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Refunding Bonds. Individual purchases of the Refunding Bonds will be made in book-entry form only. Purchasers of the Refunding Bonds will not receive physical certificates representing their ownership interests in the Refunding Bonds purchased. The Refunding Bonds will be issued in the principal amount of \$5,000 and any integral multiple thereof. Principal of and interest on the Refunding Bonds are payable directly to DTC by the Fiscal Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Refunding Bonds. See "THE REFUNDING BONDS" and Appendix F – "DTC and the Book-Entry Only System."

The Refunding Bonds are subject to optional redemption, mandatory term bond redemption, and extraordinary redemption upon prepayment of Special Taxes. See "THE REFUNDING BONDS—Redemption."

The County may issue additional indebtedness that is secured by a lien on the Special Taxes and by funds established under the Indenture for the payment of the Refunding Bonds on a parity with the Refunding Bonds, but only for the purpose of refunding other bonds issued under the Indenture and subject to the conditions and limitations contained in the Indenture. See "SECURITY FOR THE BONDS – Additional Debt."

Neither the faith and credit nor the general taxing power of the County or the State of California or of any of their respective political subdivisions is pledged to the payment of the Refunding Bonds. The Refunding Bonds are not general obligations of the County but are limited obligations of the County payable solely from the proceeds of the Special Tax and moneys in certain funds and accounts as provided in the Indenture.

This cover page contains certain information for quick reference only. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Refunding Bonds. The purchase of the Refunding Bonds involves significant risks, and the Refunding Bonds are not appropriate investments for all types of investors. See "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the Refunding Bonds.

The Refunding Bonds are offered when, as and if issued, subject to the approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, Bond Counsel. Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, is also serving as Disclosure Counsel to the County. Jones Hall, A Professional Law Corporation, San Francisco, California is serving as counsel to the Underwriter. It is anticipated that the Refunding Bonds in definitive form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about July __, 2012.

Stone & Youngberg
A DIVISION OF STIFEL NICOLAUS

The date of this Official Statement is _____, 2012.

* Preliminary; subject to change.
984983.10 11807.012

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

MATURITY SCHEDULE
\$ _____ Serial Bonds; CUSIP* Base No _____

<u>Maturity Date</u> (September 1)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u> [†]
	\$	%	\$	

\$ _____ % Term Bonds due September 1, 2031, Price _____ % CUSIP[†] No. _____

In connection with the offering of the Refunding Bonds, the Underwriter may overallocate or effect transactions that stabilize or maintain the market prices of the Refunding Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriter, the County, Bond Counsel, nor Disclosure Counsel is responsible for the selection or correctness of the CUSIP numbers set forth above.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Refunding Bonds and may not be reproduced or used, in whole or in part for any other purpose. This Official Statement is not a contract is not a contract between any note owner and the County or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the County or the Underwriter to give any information or to make any representations with respect to the Refunding Bonds other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the County or the Underwriter

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Refunding Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the County and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any press release and in any oral statement made with the approval of an authorized officer of the County, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward-looking statements.” Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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.

Documents. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents and do not purport to be complete statements of any or all of such provisions. Copies of documents referred to herein and other information concerning the Refunding Bonds are available from the County of El Dorado, 360 Fair Lane, Placerville, California 95667, telephone number (530) 621-5800. The County may impose a charge for copying, mailing and handling.

No Securities Laws Registration. The Refunding Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Refunding Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Refunding Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the County or other information contained herein since the date of this Official Statement.

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

COUNTY OF EL DORADO

Board of Supervisors

John Knight, *Supervisor, District 1, Chair*
Ray Nutting, *Supervisor, District 2*
James R. Sweeney, *Supervisor, District 3*
Ron Briggs, *Supervisor, District 4, Vice Chair*
Norma Santiago, *Supervisor, District 5*
Suzanne Allen de Sanchez, *Clerk of the Board of Supervisors*

County Officials and Staff

Karl Weiland, *Assessor*
Joe Harn, *Auditor Controller*
William E. Schultz, *County Recorder-Clerk, Registrar*
C.L. Raffety, *Treasurer - Tax Collector*
Vern Pierson, *District Attorney*
Louis B. Green, *County Counsel*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel
Kronick, Moskovitz, Tiedemann & Girard
A Professional Corporation
Sacramento, California

Underwriter's Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Special Tax Consultant
NBS Government Finance Group
San Francisco, California

Pricing Consultant
Government Financial Strategies, inc.
Sacramento, California

Fiscal Agent and Escrow Agent
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent
Causey, Demgen & Moore, Inc.
Denver, Colorado

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OFFICIAL STATEMENT

\$48,270,000*

**COMMUNITY FACILITIES DISTRICT NO. 1992-1
(EL DORADO HILLS DEVELOPMENT)
COUNTY OF EL DORADO, CALIFORNIA
2012 SPECIAL TAX REFUNDING BONDS**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover page, and the attached appendices, is to provide information concerning the Community Facilities District No. 1992-1 (El Dorado Hills Development), County of El Dorado, California, 2012 Special Tax Refunding Bonds (the “Refunding Bonds”), to be issued by the County of El Dorado (the “County”) in the aggregate principal amount specified above.

The Refunding Bonds are being issued pursuant to the Second Supplemental Indenture dated July 1, 2012 (the “Second Supplemental Indenture”), between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”). The Second Supplemental Indenture is supplemental to the Indenture dated as of August 1, 1999 (the “1999 Indenture”), as amended and supplemented by the First Supplemental Indenture, dated as of May 1, 2004 (the “First Supplemental Indenture”), the First Amendment to Indenture, dated May 1, 2004 (the “First Amendment”), and the Second Amendment to Indenture, dated August 23, 2011 (the “Second Amendment”), all between the County and the Fiscal Agent. The 1999 Indenture, as so amended and supplemented, is referred to herein as the “Indenture.” Summaries of certain provisions of the Indenture that are not described elsewhere in this Official Statement are included in Appendix C.

The Indenture provides for the issuance of special tax bonds (the “Bonds”), including the Refunding Bonds, that are secured by an annual special tax (the “Special Tax”) levied on and collected from taxable property in the County’s Community Facilities District No. 1992-1 (the “District”).

The Refunding Bonds are being issued to (i) currently refund the El Dorado Community Facilities District No. 1992-1 (El Dorado Hills Development), County of El Dorado, California, Series 1999 Special Tax Bonds (the “Series 1999 Bonds”), (ii) currently refund [a portion of] the El Dorado Community Facilities District No. 1992-1 (El Dorado Hills Development), County of El Dorado, California, Series 2004 Special Tax Bonds (the “Series 2004 Bonds”), and (iii) pay costs of issuing the Refunding Bonds. See “PLAN OF REFUNDING.” The Series 1999 Bonds and the Series 2004 Bonds were issued to finance and refinance various public infrastructure improvements within the District.

The Refunding Bonds are payable solely from the proceeds of the Special Tax and from moneys in certain funds and accounts established under the Indenture. The Special Tax is to be levied according to the rate and method of apportionment approved on December 14, 1993, and modified on May 14, 1994, and September 20, 1994, by the vote of the qualified landowner electors in the District. See “SECURITY FOR THE BONDS — The Special Tax” and Appendix B — “Rate and Method of Apportionment of Special Tax.” The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes.

General information about the County is included in Appendix A hereto. However, the Refunding Bonds are not general obligations of the County; they are limited obligations payable solely

* Preliminary; subject to change.

from the proceeds of the Special Tax and from moneys in certain funds and accounts established under the Indenture.

There are risks inherent in the purchase of the Refunding Bonds. See “SPECIAL RISK FACTORS” for a discussion of some of the special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Refunding Bonds.

PLAN OF REFUNDING

The Series 1999 Bonds were issued on August 31, 1999, in the principal amount of \$43,650,000, of which \$32,720,000 remain outstanding. The Series 2004 Bonds were issued on May 26, 2004, in the principal amount of \$17,490,000, of which \$16,195,000 remain outstanding. A portion of the proceeds of the sale of the Refunding Bonds, together with available funds held in the Redemption Account and the Reserve Account under the Indenture, will be deposited in an escrow fund (the “Escrow Fund”) held by The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), pursuant to an Escrow Agreement dated July 1, 2012, between the County and the Escrow Agent. Amounts in the Escrow Fund will be applied to pay interest on and redeem the outstanding Series 1999 Bonds (at par) on August __, 2012, and to pay interest on and redeem the outstanding Series 2004 Bonds that mature on and after September 1, 20__, (at a price of 102% of par) on September 1, 2012.

Causey, Demgen & Moore, Inc., will certify the mathematical accuracy of the computations that demonstrate that the principal amount of the United States Treasury securities to be purchased with money in the Escrow Fund, together with the income to accrue on such securities and the other money on deposit in the Escrow Fund, will be sufficient to provide for the payment and redemption of the outstanding Series 1999 Bonds and the refunded Series 2004 Bonds. The refunded bonds will be deemed paid upon the funding of the Escrow Fund and will no longer be entitled to the benefits of, or be secured by, the Indenture or the Special Taxes levied in the District.

[Following the refunding, \$_____ principal amount of Series 2004 Bonds will remain outstanding.] Amounts deposited in the Escrow Fund are not in any way available to pay debt service on the Refunding Bonds [or the unrefunded Series 2004 Bonds.]

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the Refunding Bonds are expected to be as follows:

Principal of Refunding Bonds	\$
<i>Plus/Less: Premium/Original Issue Discount</i>	
Amounts available under the Indenture	_____
Total Sources	\$
Deposit to Escrow Fund	\$
Costs of Issuance ⁽¹⁾	
Reserve Account ⁽²⁾	_____
Total Uses	\$

- (1) Costs of issuance include, without limitation, Underwriter’s discount; the fees and expenses of Bond Counsel, Disclosure Counsel, the Fiscal Agent, the Special Tax Consultant, the Pricing Consultant, the Verification Agent, and the Escrow Agent; and printing costs.
- (2) Amounts currently on deposit in the Reserve Account are sufficient to fully fund it in the required amount..

THE REFUNDING BONDS

Authority for Issuance

The District was formed by the County on February 23, 1993, under the authority of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 and following of the California Government Code) (the "Act"). On December 14, 1993, the qualified landowner electors in the District approved the levy of the Special Tax within the District and the issuance of up to \$60,000,000 principal amount of bonds. At subsequent elections on May 14, 1994, and September 20, 1994, the qualified electors voted to modify the rate and method of apportionment of the Special Tax. A copy of the rate and method of apportionment of the Special Tax as so modified is set forth in Appendix B.

On November 22, 1994, the County issued its Community Facilities District No. 1992-1 (El Dorado Hills Development), County of El Dorado, State of California, Series 1994 Special Tax Bonds (the "Series 1994 Bonds"), in the principal amount of \$14,660,000. Proceeds of the Series 1994 Bonds were used to finance public infrastructure facilities. On August 31, 1999, the County issued the Series 1999 Bonds in the principal amount of \$43,650,000. The proceeds of the Series 1999 Bonds were used to refund the Series 1994 Bonds and to finance additional facilities. On May 26, 2004, the County issued the Series 2004 Bonds in the principal amount of \$17,490,000 to finance additional facilities.

Subject to compliance with the requirements thereof, the Act authorizes the County to issue the Refunding Bonds to refund the Series 1999 Bonds and the [refunded] Series 2004 Bonds, and the Indenture authorizes the County to issue additional Bonds secured by the Special Taxes on a parity with all other Bonds outstanding under the Indenture. Pursuant to that authority, by resolution adopted June 26, 2012, the County Board of Supervisors approved the issuance of the Refunding Bonds pursuant to the Indenture.

General Provisions

The Refunding Bonds will be issued as fully registered bonds, in denominations of \$5,000 and any integral multiple thereof. The Refunding Bonds will be dated their date of delivery and will bear interest from their date at the rates and will mature on September 1, in the principal amounts and years, set forth on the inside cover page of this Official Statement. Interest on the Refunding Bonds will be computed on the basis of a 360-day year comprising twelve 30-day months and will be payable on March 1, 2013, and each March 1 and September 1 thereafter until maturity.

The Refunding Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Refunding Bonds. Individual purchases of the Refunding Bonds will be made in book-entry form only. Purchasers of the Refunding Bonds will not receive physical certificates representing their ownership interests in the Refunding Bonds purchased. Principal and interest payments on the Refunding Bonds are payable directly to DTC by the Fiscal Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Refunding Bonds. See Appendix F – "DTC and the Book-Entry Only System." So long as the Refunding Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Official Statement to the owners shall mean Cede & Co., and shall not mean the purchasers or Beneficial Owners of the Refunding Bonds.

Redemption*

Optional Redemption. Refunding Bonds maturing on or after September 1, 2021, are subject to redemption prior to their respective stated maturities, at the option of the County, from any source of available funds, as a whole or in part (by such maturities as may be specified by the County and at random within a maturity) on any date on or after September 1, 2020, at the following redemption prices (computed upon the principal amount of the Refunding Bonds called for redemption), plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
Prior to September 1, 2020	103%
September 1, 2020, through August 31, 2021	102
September 1, 2021, through August 31, 2022	101
September 1, 2022, and thereafter	100

Mandatory Term Bond Redemption. The Refunding Bonds maturing on 20__, are subject to redemption prior to their stated maturity, at random, from amounts deposited in the Redemption Account, in the following amounts and on the following dates, at the principal amount thereof, without premium:

<u>Mandatory Redemption Dates</u> <u>(September 1)</u>	<u>Principal Amount</u>
---	-------------------------

The amount of each such redemption shall be reduced proportionately in the event and to the extent of any and all optional redemptions of the term Refunding Bonds, as set forth in a schedule produced by the County.

Extraordinary Redemption From Proceeds of Property Owner Prepayments. Refunding Bonds are subject to redemption by the County prior to their respective stated maturities, as a whole or in part on any Interest Payment Date from the proceeds of property owner prepayments of the Special Tax obligation deposited in the Prepayment Subaccount within the Optional Redemption Fund, at the following redemption prices (expressed as a percentage of the principal amount of Refunding Bonds called for redemption):

<u>Redemption Dates</u>	<u>Redemption Price</u>
Prior to September 1, 2020	103%
September 1, 2020 through August 31, 2021	102
September 1, 2021 through August 31, 2022	101
September 1, 2022 and thereafter	100

Selection of Bonds for Redemption. If less than all the outstanding Refunding Bonds of any maturity are to be redeemed, the Fiscal Agent will select the particular Refunding Bonds to be redeemed from the outstanding Refunding Bonds of such maturity that have not previously been called for redemption, in minimum denominations of \$5,000, at random in any manner that the Fiscal Agent in its sole discretion shall deem appropriate and fair.

* Preliminary; subject to change.

Notice of Redemption. The Fiscal Agent is required to mail notice of redemption not less than 30 nor more than 60 days prior to the date fixed for redemption, by first class mail, to the respective registered owners of the Refunding Bonds to be redeemed at their addresses appearing on the bond register. Each notice of redemption shall state the date of such notice, the Refunding Bonds to be redeemed, the date of issue of such Refunding Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Fiscal Agent), the CUSIP number (if any) of the maturity or maturities to be redeemed, and if less than all of any such maturity is to be redeemed, the numbers of the Refunding Bonds of such maturity to be redeemed, and, in the case of Refunding Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Refunding Bonds or the portions thereof redeemed will not accrue from and after the redemption date and will require that such Refunding Bonds be surrendered at the address or addresses of the Fiscal Agent so designated. The notice is also required to state that upon presentation of a Refunding Bond to be redeemed in part, there will be issued, in lieu of the unredeemed portion of principal, a new Refunding Bond or Refunding Bonds of the same maturity date of authorized denominations equal in aggregate principal amount to the unredeemed portion.

Failure of any owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption. Failure by the Fiscal Agent to mail notice to any one or more of the respective owners of any Refunding Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the owner or owners to whom such notice was mailed. So long as the book-entry system is used for determining beneficial ownership of the Refunding Bonds, the notice of redemption will be given to DTC as registered owner of the Refunding Bonds. The County may, at its option, prior to the date fixed for redemption in any notice of redemption, rescind and cancel such notice of redemption.

The County may, at its option, prior to the date fixed for redemption in any notice of redemption, rescind and cancel such notice of redemption.

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 Refunding Bonds so called for redemption are held by the Fiscal Agent, such Refunding Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of Refunding Bonds

So long as the Refunding Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Refunding Bonds shall be made in accordance with DTC procedures. See Appendix F – “DTC and the Book-Entry Only System.” If the book-entry only system for the Refunding Bonds is ever discontinued, any Refunding 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 Refunding Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Refunding Bonds are surrendered for transfer or exchange, the County will execute and the Fiscal Agent will authenticate and deliver new Refunding Bonds, for a like aggregate principal amount of Refunding Bonds of authorized denominations and of the same maturity. 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 Refunding Bonds will be required to be made (i) within the 15 days prior to the date designated by the Fiscal Agent as the date for selecting Refunding Bonds for redemption, or (ii) with respect to any Refunding Bond after such Refunding Bond has been selected for redemption.

Scheduled Debt Service

The following is the debt service schedule for the Refunding Bonds [and the unrefunded Series 2004 Bonds], assuming no optional or extraordinary redemption of the outstanding Bonds from Special Tax prepayments:

<u>Period Ending</u> <u>September 1</u>	<u>Refunding Bonds</u>		<u>[Unrefunded</u> <u>Series 2004 Bonds]</u>	<u>Total Debt</u> <u>Service</u>
	<u>Principal</u>	<u>Interest</u>		
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
Totals				

SECURITY FOR THE BONDS

General

Neither the faith and credit nor the general taxing power of the County or the State of California or of any of their respective political subdivisions is pledged to the payment of the Bonds. The Bonds are not general obligations of the County but are limited obligations of the County payable solely from and secured by the Special Taxes and the amounts in the Special Tax Fund, the Redemption Account, and the Reserve Account, which are held by the Fiscal Agent under the Indenture. The County Auditor/Controller may also authorize the use of Special Taxes and earnings thereon in the Facilities Account in the CFD Fund, which is held by the County, to pay debt service on the Bonds.

Although the Special Tax constitutes a lien on property subject to taxation in the District, it will not constitute a personal indebtedness of the owners of such property. There is no assurance that the owners will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. The risk of nonpayment by property owners is more fully described in “SPECIAL RISK FACTORS — Collection of the Special Tax.”

The Special Tax

Capitalized terms used in this section, “The Special Tax,” and otherwise not defined have the meanings specified in Appendix B — “Rate and Method of Apportionment of Special Tax.”

Covenant to Levy. Pursuant to the Indenture, so long as any Bonds are outstanding, the County is required to annually levy the Special Tax against all Taxable Parcels in the District in an amount that will be sufficient, after making reasonable allowances for contingencies, errors in the levy, and anticipated delinquencies, to pay debt service on the Bonds as they become due, to pay all actual and budgeted expenses of administering the District, to cure any delinquencies in the payment of debt service on the Bonds that have occurred or (based on delinquencies in the payment of Special Taxes) will occur in the fiscal year just beginning, and to replenish the Reserve Account to the Reserve Requirement (defined below under “Reserve Account”) as necessary (including replenishment that will be necessary in the future because of delinquencies in the payment of Special Taxes that have already occurred).

Special Tax Formula. The Special Tax is currently levied in accordance with the rate and method of apportionment set forth in Appendix B (the “Special Tax Formula”). The Special Tax Formula is to be applied by the County on an annual basis for the purpose of determining the total amount of the levy against the Taxable Parcels. The process involves a number of separate steps to be performed by the County, which are described in Appendix B and summarized below. For purposes of this section, capitalized terms not otherwise defined in this Official Statement shall have the meanings assigned to them in Appendix B.

Annual Costs. The County first determines the “Annual Costs” for the upcoming fiscal year. Annual Costs are the total of (i) debt service for the calendar year commencing January 1 in such fiscal year; (ii) administrative expenses for such fiscal year, (iii) any amounts needed to replenish the Reserve Account; (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 Account, less credit for applicable development fees, less any reimbursements, and/or less any funds available from prepaid Special Taxes (see “Prepayment of Special Tax” below); and (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired for the District.

Taxable Parcels. The County identifies the Taxable Parcels and the Tax-Exempt Parcels, the latter consisting of (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, landscaping, greenbelts and open space, (ii) parcels on which the Special Tax has been prepaid as described below, and (iii) certain privately owned parcels, including common areas, wetlands, and open space.

Allocation of the Special Tax. The Special Tax Formula annually allocates the Special Tax required among the Taxable Parcels in the District based upon development status, land uses, and lot sizes, subject to the Maximum Special Tax assigned to each category (as set forth in Attachments 1 and 2 in Appendix B). If Annual Costs are less than or equal to 91% of the Maximum Special Tax Revenue from all Final Use Parcels, only Final Use Parcels will be taxed, with the Special Tax levy being decreased proportionately among Final Use Parcels to the extent Annual Costs are lower than such amount. Amounts in excess of 91% of the aggregate Maximum Special Tax Revenue from all Final Use Parcels will be allocated (i) first, to Tentative Map Parcels, until 91% of the Maximum Special Tax Revenue is reached for such parcels, (ii) second, to Large Lot Tentative Map Parcels until 91% of the Maximum Special Tax Revenue is reached for such parcels, (iii) third, to Planned Parcels, until 91% of the Maximum Special Tax Revenue is reached for such parcels, and (iv) finally, to all parcels, proportionately (but no parcel shall be taxed in excess of the Maximum Special Tax).

Termination of the Special Tax. The Special Tax will be levied for as long as is needed to pay the principal of and interest on debt and other costs incurred in order to construct the authorized facilities for the District and to pay the Annual Costs. However, in no event will the Special Tax be levied on any parcel in the District after fiscal year 2030-31.

Prepayment of Special Tax. Landowners may permanently satisfy the Special Tax obligation by a cash settlement with the County as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The County determines that the prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding Bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties prior to prepayment.

The prepayment amount is established by the calculation shown in Appendix B.

Table 1 shows the maximum Special Tax Rates for Fiscal Year 2011-12.

Table 1
COMMUNITIES FACILITIES DISTRICT NO. 1992-1
TAX RATES AND TAX CAPACITY BY TAX CATEGORY
Fiscal Year 2011-12

<u>Property Type</u>	<u>Parcel Count</u>	<u>Base Rate</u>	<u>Maximum Tax</u>	<u>Maximum Special Tax Revenue</u>
Final Use Parcels:				
			Per Unit	
Single Family Detached Units:				
Less than or equal to 6,000 sq. ft.	151	\$ 720	\$1,008.18	\$ 152,233.49
6,001 to 7,500 sq. ft.	112	760	1,064.18	119,188.09
7,501 to 10,000 sq. ft.	1,698	880	1,232.21	2,092,294.45
10,001 to 12,500 sq. ft.	801	920	1,288.22	1,031,865.50
12,501 to 15,000 sq. ft.	121	960	1,344.23	162,652.10
15,001 to 20,000 sq. ft.	331	1,200	1,680.29	556,174.30
20,001 to 25,000 sq. ft.	187	1,280	1,792.31	335,161.24
25,001 to 35,000 sq. ft.	169	1,440	2,016.35	340,762.85
35,001 to 50,000 sq. ft.	85	1,800	2,520.43	214,236.77
50,001 to 100,000 sq. ft.	1	1,800	2,520.43	2,520.43
More than 100,000 sq. ft.	4	1,800	2,520.43	10,081.73
Attached Units:				
Up to 5 Units per Net Acre	0	720	1,008.18	0.00
5.01 to 9 Units per Net Acre	0	600	840.14	0.00
9.01 to 12 Units per Net Acre	0	333	466.28	0.00
More than 12 Units per Net Acre	0	250	350.06	0.00
			Per Net Acre	
Commercial	14	3,960	5,544.96	59,364.35
Golf Course	4	600	840.14	158,022.03
			Per Gross Acre	
Tentative Map Parcels	10	2,400	3,360.58	911,782.60
Large Lot/Planned Parcels	8	2,400	3,294.68	678,465.86
Total:	3,696			1,590,248.46

Source: NBS Government Finance Group.

Collection of the Special Tax

In accordance with the Act, the Special Tax is collected in the same manner as ordinary *ad valorem* property taxes are collected and is subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* taxes. The County Tax Collector may deduct the reasonable administrative costs incurred in collecting the Special Tax. The County has not made the Special Tax subject to the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds" (the "Teeter Plan") that is applicable to other property taxes. As a consequence, the amount of the Special Tax available for District purposes is equal to the amount actually collected from property owners, i.e., it is subject to the risk of delinquency.

Bills for property taxes on the secured roll are mailed annually by the first of November. 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. See "Covenant for Foreclosure" below.

Special Tax Fund

So long as any Bonds payable from the Special Tax are outstanding, proceeds of the Special Tax (including prepayments thereof) are to be deposited in the Special Tax Revenue Account of the CFD Fund, which is held by the County. The County is to transfer the Special Taxes it collects to the Fiscal Agent for deposit into the Special Tax Fund (except prepaid Special Taxes, which are to be deposited into the Prepayment Account of the Optional Redemption Account). The Indenture requires the Fiscal Agent to disburse moneys in the Special Tax Fund, as received and as needed, as follows:

- First: to the Redemption Account to the extent necessary to fund all scheduled payments of interest and principal (including mandatory term bond redemptions) coming due on the Bonds through the next succeeding September 1;
- Second: to the Reserve Account, to the extent necessary to restore the amount on deposit in the Reserve Account to the Reserve Requirement;
- Third: after first fully funding the Redemption Account and Reserve Account as set forth above, to the Redemption Account all amounts remaining on deposit in the Special Tax Fund other than: (i) the amount necessary to increase the balance in the Expense Account of the CFD Fund to the amount of the administrative expenses of the District for the current fiscal year, and (ii) an amount specified by the Board not later than July 6 of each fiscal year (which will be deposited in the Facilities Account in the CFD Fund); and
- Fourth: on September 15 of each year, the balance of the amounts in the Special Tax Fund to the County for deposit into the Expense Account and the Facilities Account in the CFD Fund.

Covenant for Foreclosure

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 of Supervisors (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.

Under the Act, a judicial foreclosure action is not mandatory. However, the Board has covenanted in the Indenture for the benefit of the owners of the Bonds as follows. The County Auditor/Controller will review the County's records in connection with the collection of the Special Tax not later than August 31 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 November 1, institute civil actions to foreclose the lien of the Special Tax against all parcels delinquent in the amount of \$3,000 or more (excluding penalties and interest) and thereafter will vigorously prosecute the same to completion. Pursuant to the Indenture, the County will also, not later than the succeeding November 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, if the amounts delinquent will cause the Reserve Account to fall below the Reserve Requirement. Pursuant to the Indenture, the County has reserved the right, in lieu of foreclosure in any particular cases, to elect to advance (from any available funds other than any funds or accounts established under the Indenture) the amount of any delinquency to the Special Tax Fund and to reimburse itself when the Special Tax is paid on the property.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Refunding Bonds (if the Reserve Account 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 Formula, the Board may adjust the Special Tax levied on all property within the District, subject to the Maximum Special Tax, to provide an amount required to pay debt service on the Refunding Bonds, and the amount, if any, necessary to replenish the Reserve Account to an amount equal to the Reserve Requirement and to pay all current annual expenses. (Because the District was established before 1994, any additional levy to account for delinquencies is not subject to the limitation that taxes on residential property not be increased by more than 10% for this purpose, which is applicable to later-formed community facilities districts.) There is, however, no assurance that collections of the Special Tax at the Maximum Special Tax, will be at all times sufficient to pay the amounts required to be paid by the Indenture. See "SPECIAL RISK FACTORS – Insufficiency of the Special Tax."

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. Pursuant to the Act, the property foreclosed upon may not be sold for less than the amount of the judgment in the foreclosure action (which may include reasonable attorneys' fees, interest, penalties, and other authorized charges and costs), plus post-judgment interest and authorized costs, unless the owners of 75% by value of the outstanding Bonds consent.

Reserve Account

The Indenture establishes the Reserve Account as a separate fund to be held by the Fiscal Agent as a reserve for the payment of debt service on the Bonds. The Indenture requires the Reserve Account to be maintained in an amount equal to the Reserve Requirement, which is defined in the Indenture as an amount equal to the least of (i) 10% of the initial principal amount of the Bonds, (ii) maximum annual debt service on the Bonds, and (iii) 125% of average annual debt service on the Bonds. On the date of issuance of the Refunding Bonds, the Reserve Requirement will be \$_____.

When the balance in the Reserve Account equals or exceeds the amount required to retire all of the outstanding Bonds, the Board may direct that the amount in the Reserve Account be transferred to the Redemption Account to be used for the payment and redemption of all of the outstanding Bonds.

Additional Debt

Additional Bonds. The remaining principal amount of Bonds authorized in the District but unissued is \$1,300. The County has agreed that it will not issue any additional Bonds pursuant to that remaining authorization. However, the County may issue Bonds to refund Outstanding Bonds, but only if [*if all 2004 Bonds are defeased: debt service for each future Fiscal Year following the defeasance of the refunded Bonds is less than or equal to the debt service for that Fiscal Year if the defeasance did not occur*] [*if some 2004 Bonds are not refunded: the County satisfies the following conditions: insert debt tests from 1999 Indenture*].

Other Debt. The County may not issue any (i) assessment bonds or (ii) special tax bonds that are authorized by a vote by landowners, in either case that are secured by property within the District, unless the fair market value of the land and existing improvements subject to the Special Tax, as shown on the most recent secured roll of the County or by a current MAI appraisal, is at least three times the sum of the principal amount of all outstanding Bonds and the additional debt proposed to be issued, all assessment district bonds outstanding that are payable from assessments levied on parcels in the District, and the proportion of the aggregate principal amount of other community facilities district bonds then outstanding that are payable from special taxes to be levied within the District.

Subordinate Debt. The indenture does not prohibit the County from issuing special tax bonds or other debt secured by the Special Tax if the rights and claims of such bonds or debt to the Special Tax and the funds and accounts established by the Indenture are in all respects subordinate to the rights and claims of the Bonds.

THE DISTRICT

Certain information in this section has been provided by Serrano Associates, LLC (the “Developer”), and neither the County nor the Underwriter can ensure its completeness or accuracy.

Location and Description of the District

The District is located in El Dorado Hills near U.S. Highway 50, approximately 30 miles east of the city of Sacramento and immediately east of the city of Folsom. The District encompasses a master planned community, known as “Serrano,” on approximately 3,381 gross acres and includes 13 distinct residential villages, a golf course, open space, and areas for commercial development. Development of Serrano began in the late 1980’s; initial lot sales began in 1995 and initial home sales began in 1996. The Serrano Country Club, which includes an 18-hole golf course designed by Robert Trent Jones on approximately 191 acres, along with a Clubhouse and Racquet and Swim Club, opened in 1996. Other community amenities include approximately 987 acres of natural open space, two elementary schools and one middle school on site, two community parks, and a 27-acre community center and park area known as “The Village Green.” Five acres of the approximately 26 designated for commercial use have been developed, to date.

Serrano Associates, LLC (the “Developer”), has served as the master developer of Serrano, securing development entitlements, subdividing property into multiple lots, “rough” grading lots, constructing “backbone” infrastructure and related improvements, and marketing property to merchant builders. Approximately 17 merchant builders have built a mix of production and custom houses within

the District since 1996. To date, more than 3,600 of the planned 4,938 single family homes have been built. The infrastructure necessary for an additional [305] residential lots has been completed; additional infrastructure will be required to support another 1,003 lots planned within the District. Serrano has been awarded several national and state awards, including National Community of the Year by the National Association of Home Builders, Master-planned Community of the Year by the Building Industry Association of Superior California and Project of the Year by the WaterReuse Association of California.

Set forth below is a general site plan of the District.



Infrastructure

Most of the infrastructure needed for the development of Serrano has been completed; the remaining planned infrastructure has been delayed owing to the slowdown in the new home market. The following table presents current estimates of (i) total infrastructure and site work funding required for complete development of the District, (ii) that which has been spent through February 29, 2012, (iii) that which remains to be spent, and (iv) the sources for the funding.

Table 2
COMMUNITY FACILITIES DISTRICT NO. 1992-1
ESTIMATED SOURCES AND USES OF FUNDS FOR INFRASTRUCTURE AND SITE WORK

USES	Total Estimated Costs	Spending Through 2/29/12 ⁽¹⁾	Estimated Costs for Remainder of Project
Backbone Infrastructure			
Roads with Storm Drain, Water, Sewer Landscaping & Utilities	\$ 37,506,000	\$ 34,139,000	\$ 3,367,000
Trunk Line Sewer Facilities	6,848,000	6,848,000	--
Reclaimed Water Delivery System	16,476,000	16,476,000	--
Parks and Open Space	8,511,000	3,427,000	5,084,000
Backbone Subtotal	69,341,000	60,890,000	8,451,000
Other Project Improvements	31,220,000	29,322,000	1,898,000
In-Tract Infrastructure and Site Costs⁽²⁾			
Planned Villages	258,548,000	219,593,000	38,955,000
TOTAL USES	\$359,109,000	\$309,805,000	\$49,304,000
SOURCES			
Private			
Equity and Bank Loans	\$274,661,000	\$235,546,000	\$39,115,000 ⁽³⁾
Public			
Mello-Roos CFD 1994 Bonds	13,169,000	13,169,000	--
Mello-Roos CFD 1999 Bonds	24,438,000	24,438,000	--
Mello-Roos CFD 2004 Bonds	17,154,000	8,132,000	9,022,000 ⁽⁴⁾
Road Fee Reimbursement (RIF) ⁽⁵⁾	6,899,000	6,899,000	--
EID/Utility Fee Reimbursement ⁽⁵⁾	22,788,000	21,621,000	1,167,000
Public Subtotal	84,448,000	74,259,000	10,189,000
TOTAL SOURCES	<u>\$359,109,000</u>	<u>\$309,805,000</u>	<u>\$49,304,000</u>

(1) Unaudited and rounded.

(2) This represents the cost, net of utility reimbursements, to construct finished lots within a village.

(3) These amounts represent a mixture of cash contributions from the members of Serrano Associates, LLC, and draws on a line of credit. See "THE DEVELOPER—Developer Finances—Line of Credit."

(4) This amount is expected to be spent on backbone infrastructure (roads and parks).

(5) Certain improvements to backbone and other infrastructure that have been completed by the Developer have been partially reimbursed and will continue to be reimbursed by various agencies or utility companies. Road improvements have been completed that are reimbursed by the County Department of Transportation as road fees, as provided in separate agreements. PG&E, AT&T (formerly PacBell), and the El Dorado Irrigation District also reimburse the Developer for certain improvements completed with the construction of roads or lots. The exact timing of the reimbursement is not known and varies, based in some cases on the availability of funds and in other cases on the occupancy of homes.

Source: Serrano Associates, LLC.

Services

The following services are delivered to the District by the following providers:

Fire: El Dorado Hills County Water District (El Dorado Hills Fire District)

Police: El Dorado County Sheriff's Department

Schools: Elementary: Rescue Union School District
Buckeye Union School District

Intermediate: Rescue Union School District
Buckeye Union School District

High School: El Dorado Union High School District

Recreation and Parks: El Dorado Hills Community Services District

Water and Sewer: El Dorado Irrigation District

Electricity and Gas: Pacific Gas & Electric

LAND VALUES AND SPECIAL TAXES

Assessed Property Values

No Appraisal of Property in the District. The County has not commissioned an appraisal of the Taxable Parcels in connection with the issuance of the Refunding Bonds. The valuation of Taxable Parcels used for the purposes of the Act and the Indenture, and as set forth in this Official Statement, is the County Assessor's value.

Assessed Valuation. The County Assessor reports assessed valuations at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. Article XIII A of the California Constitution defines "full cash value" as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation, and requires assessment of "full cash value" upon change of ownership or new construction.

Accordingly, the assessed valuation presented in this Official Statement may not be representative of the market value of certain property. No assurance can be given that, if a delinquent parcel were offered for sale at a judicial foreclosure sale, any bid received for the property such bid would be sufficient to pay such parcel's delinquent Special Taxes. See "DEVELOPMENT IN THE DISTRICT," "SPECIAL RISK FACTORS—Property Value" and "—Insufficiency of the Special Tax."

The fiscal year 2011-12 total assessed value of 3,696 Taxable Parcels in the District is \$1,778,454,789.

Under California law, an owner of property owner may apply for a reduction in the assessed value of the property if the market value of the property has declined, including because of current market conditions (such as general declines in residential home prices), below its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than two percent) following the year for which the reduction application is filed. However, the County Assessor has the power to

grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In Fiscal Year 2011-12, the assessed value of ___ parcels was reduced pursuant to Proposition 8 appeals. Such reductions totaled \$___ and ranged from ___% to ___% of assessed value, with an average reduction of ___%. While the assessed value of property may be reduced by the County Assessor, the assessed value has no effect on the property’s Special Tax liability.

Historical Assessed Values. The extent to which the Special Tax provides security for the Bonds is, at least in part, a function of the value of each of the Taxable Parcels. The following table shows a history of the aggregate assessed valuations of the Taxable Parcels for the ten fiscal years beginning with fiscal year 2002-03. However, assessed valuations may not reflect the market values of such Taxable Parcels.

Table 3
COMMUNITIES FACILITIES DISTRICT NO. 1992-1
HISTORY OF AGGREGATE ASSESSED VALUATIONS
(Taxable Parcels)

<u>Fiscal Year</u>	<u>Total</u>
2002-03	\$ 587,504,438
2003-04	912,149,967
2004-05	1,168,480,781
2005-06	1,583,081,722
2006-07	1,955,016,880
2007-08	2,145,274,453
2008-09	2,144,561,280
2009-10	1,963,442,512
2010-11	1,779,886,909
2011-12	1,778,454,789

Source: County of El Dorado

Special Tax Levy by Land Use

The following table shows the distribution by category of land use in fiscal year 2011-12 of assessed value, the annual Special Tax levy, and the proportionate share of the levy of each such category.

**Table 4
COMMUNITIES FACILITIES DISTRICT NO. 1992-1
SPECIAL TAX LEVY BY LAND USE
Fiscal Year 2011-12**

<u>Land Use</u>	<u>Number of Parcels</u>	<u>Assessed Value</u>	<u>Maximum Special Tax Amount</u>	<u>Actual Special Tax Levy</u>	<u>Percent of Levy</u>
Developed Parcels					
Single Family Residential	3,286	\$1,696,605,457	\$4,376,421	\$3,972,339	84%
Commercial	3	3,889,979	22,124	20,082	0
Golf Course/Country Club	4	10,457,483	158,022	143,431	3
Subtotal all Final Use	3,293	\$1,710,952,919	\$4,556,568	\$4,135,852	87%
Undeveloped Parcels					
Vacant Residential					
Diversified Ownership	155	\$ 28,682,072	\$ 305,140	\$ 276,965	6%
Toll Brothers	81	6,525,000	99,809	90,594	2
Serrano Associates	57	2,218,189	107,638	88,357	2
GHC Company 5 LLC	38	4,560,000	69,732	63,293	1
AGS Bramasole LLC	29	2,175,000	35,734	32,435	1
MCP Properties	4	545,638	8,569	7,778	0
Bank of America	4	406,753	8,009	7,270	0
Shamrock Homes	4	685,000	7,169	6,507	0
Vacant Rural Residential	11	4,415,148	398,261	8,388	0
Vacant Commercial	11	2,058,880	37,240	33,801	2
Rural Land over 20 Acres ⁽¹⁾	9	15,230,190	1,190,936	--	0
Subtotal all Other Taxable	403	\$ 67,501,870	\$2,268,238	\$ 615,388	13%
Total	3,696	\$1,778,454,789	\$6,824,806	\$4,751,240	100%

⁽¹⁾ All owned by Serrano Associates.
Source: NBS Government Finance Group.

Based on preliminary estimates, after the refunding, assuming annual debt service of \$4,127,371.65 and annual administrative costs of \$140,000.00 and an allowance for delinquencies of \$211,100.00, the aggregate Fiscal Year 2012-13 Special Tax levy is expected to be approximately \$4,478,471.65.

Projected Debt Service Coverage

Maximum Special Tax Revenue from Final Use Parcels, based on the fiscal year 2011-12 Special Tax levy is \$4,556,568. Maximum Special Tax Revenue from all Taxable Parcels (Final Use Parcels and Planned Parcels), based on the fiscal year 2011-12 Special Tax levy, is \$4,751,240. Maximum Annual Debt Service on the Refunding Bonds [and the unrefunded Series 2004 Bonds] is projected to be \$_____. * Based on the foregoing, the projected debt service coverage from Maximum Special Tax Revenue from Final Use Parcels is ____% and from all Taxable Parcels is ____%. **The County can provide no assurances that all of the Special Taxes levied will be collected.**

* Preliminary; subject to change.

Value-to-Bond Lien Ratio

General Information Regarding Value-to-Bond Lien Ratios. The ratio between the assessed value of parcels and the share of such parcels of the principal amount of the Bonds to be outstanding after the issuance of the Refunding Bonds is referred to herein as the value-to-Bond lien ratio.

The value-to-Bond lien ratios of property in the District will vary over the life of the Bonds as a result of changes in the value of the property that is security for the Special Taxes and amortization of the Bonds.

In comparing the aggregate assessed value of the real property within the District and the principal amount of the outstanding Bonds, it should be noted that an individual parcel may only be foreclosed upon to pay delinquent installments of the Special Tax attributable to that parcel. The principal amount of the Bonds is not allocated pro-rata among the parcels within the District; rather, the total Special Taxes have been allocated among the parcels within the District according to the Special Tax Formula.

Economic and other factors beyond the property owners' control, such as economic recession, deflation of land values, financial difficulty or bankruptcy by one or more property owners, or the complete or partial destruction of Taxable Parcels caused by, among other possibilities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District. See "SPECIAL RISK FACTORS — Property Value" and "—Bankruptcy Delays."

Aggregate Value-to-Bond Lien Ratio. The aggregate value-to-Bond lien ratio of Taxable Parcels in the District, based on fiscal year 2011-12 assessed values (\$1,778,454,789) and the principal amount of the Refunding Bonds [and the unrefunded Series 2004 Bonds] (\$_____) is _____. California Municipal Statistics, Inc., reports that there is no overlapping special tax or assessment debt. There is, however, overlapping general obligation debt, and the properties in the District are subject to a number of taxes, direct charges and assessments. See "—Direct and Overlapping Tax and Assessment Debt" below.

Bond Lien Distribution. The following table sets forth the distribution of the value-to-Bond lien among Taxable Parcels based on fiscal year 2011-12 assessed values.

Table 5
COMMUNITY FACILITIES DISTRICT NO. 1992-1
DISTRIBUTION OF VALUE-TO-BOND LIEN RATIOS
Fiscal Year 2011-12
(Taxable Parcels)

Aggregate Value-to-Bond Lien Ratio: 36:1

<u>Value-to- Lien Category</u>	<u>Parcel Count</u>	<u>Assessed Valuation</u>	<u>Allocation of Bond Lien Amount⁽¹⁾</u>	<u>Actual Special Tax Levy</u>	<u>Percent of Levy</u>
25:1 and Greater	3,229	\$1,684,029,524	\$40,571,399	\$3,905,672	82.2%
Greater than 10:1 – less than 25:1	134	34,370,911	2,227,517	214,436	4.5
Greater than 5:1 – less than 10:1	251	35,950,283	4,770,712	459,260	9.7
Greater than 3:1 – less than 5:1	15	3,938,449	979,495	94,293	2.0
Less than 3:1	49	931,888	805,876	77,579	1.6
Not Currently Levied	18	19,233,734	0	0	0.0
Total	3,696	\$1,778,454,789	\$49,355,000	\$4,751,240	100.0%

⁽¹⁾ Bond principal (projected post-refunding) allocated per parcel based on Fiscal Year 2011-12 special tax levy.
Source: NBS Government Finance Group.

Major Land Owners

Only one property owner was responsible for more than 3% of the Special Taxes levied in fiscal year 2011-12. The following table lists the top 10 payers of Special Taxes in the District with respect to Taxable Parcels, measured by the fiscal year 2011-12 Special Tax levy.

Table 6
COMMUNITY FACILITIES DISTRICT NO. 1992-1
SUMMARY OF TOP 10 TAXPAYERS
Fiscal Year 2011-12
(Taxable Parcels)

<u>Name</u>	<u>Land Use</u>	<u>Number of Parcels</u>	<u>Assessed Value</u>	<u>Maximum Special Tax Amount</u>	<u>Actual Special Tax Levy</u>	<u>Percent of Levy</u>
Serrano Country Club	Improved Recreational	4	\$ 10,457,483	\$ 158,022	\$ 143,431	3.02%
Serrano Associates ⁽¹⁾	Vacant Residential/Rural Land	77	22,140,527	1,696,387	96,338	2.03
Toll CA LP	Vacant Residential	81	6,525,000	99,809	90,594	1.91
GHC Company	Vacant Res/Single Family Res	45	5,517,000	81,494	73,969	1.56
Parker Development ⁽¹⁾	Commercial/Vacant Com'l	14	5,869,198	55,490	50,366	1.06
AGS Bramasole	Vacant Residential	29	2,175,000	35,734	32,435	0.68
Bank of America	Vacant Res/Single Family Res	8	3,173,753	13,946	12,659	0.27
U.S. Bank	Single Family Residential	8	3,196,627	10,138	9,202	0.19
Ghorbanzedah, A. & M.	Vacant Res/Single Family Res	5	998,620	9,410	8,541	0.18
Wells Fargo	Single Family Residential	<u>7</u>	<u>3,105,000</u>	<u>9,074</u>	<u>8,236</u>	<u>0.17</u>
Subtotal Top 10 Taxpayers		289	63,158,208	2,169,503	525,770	11.07
All Others		<u>3,407</u>	<u>\$1,715,296,581</u>	<u>\$4,655,303</u>	<u>\$4,225,470</u>	<u>88.93%</u>
Total All Taxpayers		3,696	\$1,778,454,789	\$6,824,806	\$4,751,240	100.00%

⁽¹⁾ Related entities. See "THE DEVELOPER" below.
Source: NBS Government Finance Group.

* Preliminary, subject to change.

Delinquencies

The following table is a summary of Special Tax levies, collections and delinquency rates on Taxable Parcels in the District for fiscal years 2006-07 through 2011-12, showing amounts levied and outstanding delinquencies as of June 30 of each year and remaining delinquent as of May 31, 2012.

Table 7
COMMUNITY FACILITIES DISTRICT NO. 1992-1
SPECIAL TAX LEVIES, COLLECTIONS AND DELINQUENCY RATES
Fiscal Years 2006-07 through 2011-12
(Taxable Parcels)

Fiscal Year	Amount Levied	As of Fiscal Year End			On Tax Roll as of May 31, 2012			In Foreclosure ⁽¹⁾	
		Amount Delinq.	Number of Delinquent Parcels	Percent Delinq.	Remaining Amount Delinquent	Remaining Parcels Delinquent	Remaining Percent Delinquent	Amount Delinq.	Number of Parcels
2005-06	\$4,515,706	\$106,358	130	2.36%	--	0	--	\$1,041	1
2006-07	4,614,952	191,557	233	4.15	--	0	--	2,077	2
2007-08	5,179,301	169,867	173	3.28	\$ 518	1	0.01%	5,627	6
2008-09	4,932,783	210,943	214	4.28	4,539	6	0.09	9,990	7
2009-10	5,034,691	149,246	134	2.96	10,484	9	0.21	4,213	3
2010-11	5,050,538	96,241	94	1.91	21,737	18	0.43	--	--
2011-12	4,751,240	n/a	n/a	n/a	112,988	117	2.38	--	--
Total					\$150,266.00	151			

⁽¹⁾ Parcels in foreclosure proceedings have been stripped from the tax roll.
Source: NBS Government Finance Group and the County of El Dorado.

The County reports that, as of May 31, 2012, there are 130 Taxable Parcels that are delinquent (which number includes those on the tax roll and those that have been stripped from the tax roll for collection), of which 13 are in some stage of pre-foreclosure, including some auctions/trustee sales.

Direct and Overlapping Tax and Assessment Debt

Contained within the boundaries of the District are certain overlapping local agencies providing public services and assessing property taxes, assessments, special taxes and other charges on the property in the District. Many of these local agencies have outstanding debt.

Properties within the District also lie within the jurisdiction of the El Dorado County Water District and the El Dorado Schools Financing Authority, a joint powers agency formed by the of Rescue Union School District, the Buckeye Union School District, and the El Dorado Union High School District. While the El Dorado Schools Financing Authority levies a special tax within the District, it has not yet issued any debt obligations. In addition, the Specific Plan envisions that one or more landscaping and lighting districts may be formed to finance maintenance of certain landscaping within the District should the master homeowners association within the District not perform such function as contemplated within the Specific Plan.

The imposition of additional special taxes, special assessments, and property taxes will increase the amount of parity and co-equal liens that must be satisfied in foreclosure. Any of such liens, except

liens for the Special Tax imposed by the County, may be created without satisfying any of the requirements for issuance of Additional Bonds under the Indenture.

The current and estimated direct and overlapping debt obligations affecting the property in the District are shown in the following table. The table was prepared by California Municipal Statistics, Inc., and is included for general information purposes only. The County has not reviewed this report for completeness or accuracy and makes no representation in connection therewith.

The first column in the table names each public agency which has outstanding bonded debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the assessed value of the area common to the District and the other public agency (overlapping territory), as a percentage of the total assessed value of the other public agency. This percentage, multiplied by the total outstanding bonded debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

Table 8
COMMUNITY FACILITIES DISTRICT NO. 1992-1
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT
As of March 1, 2012

2011-12 Local Secured Assessed Valuation: \$1,778,454,789

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/12</u>
Los Rios Community College District General Obligation Bonds	1.231%	\$ 3,816,038
El Dorado Union High School District General Obligation Bonds	10.301	5,936,981
Buckeye Union School District General Obligation Bonds	26.771	7,194,705
Rescue Union School District General Obligation Bonds	6.704	1,604,322
El Dorado Irrigation District General Obligation Bonds	12.176	373,194
El Dorado County Community Facilities District No. 1992-1	100.000	<u>48,990,000</u> (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$67,915,240

(1) Excludes Refunding Bonds to be sold.

Ratios to Assessed Valuation:

Direct Debt (\$48,990,000)..... 2.75%
 Total Direct and Overlapping Tax and Assessment Debt..... 3.82%

Source: California Municipal Statistics.

Tax Burden

The following table quantifies the estimated *ad valorem* tax burden for parcels in the two Tax Rate Areas ("TRA") in the District. (It should be noted that not all parcels in these Tax Rate Areas are in the District.)

**Table 9
COMMUNITY FACILITIES DISTRICT NO. 1992-1
TOTAL TAX RATE BY TAX RATE AREA⁽¹⁾**

TRA 054-135	
2011-12 Local Secured Assessed Valuation within District: \$1,466,741,422 ⁽²⁾	
Countywide	1.0000%
El Dorado Union High School District	.0206
Los Rios Community College District	.0192
Buckeye Union School District	<u>.0271</u>
Total All Property Tax Rate	1.0669%
El Dorado Irrigation District	<u>.0101</u> %
Total Land Only Tax Rate ⁽³⁾	.0101%
TRA 100-168	
2011-12 Local Secured Assessed Valuation within District: \$296,250,636 ⁽²⁾	
Countywide	1.0000%
El Dorado Union High School District	.0206
Los Rios Community College District	.0192
Rescue Union School District	<u>.0314</u>
Total All Property Tax Rate	1.0708%
El Dorado Irrigation District	<u>.0101</u> %
Total Land Only Tax Rate ⁽⁴⁾	.0101%

(1) Includes voter approved tax overrides. Excludes Mello-Roos Bond and 1915 Act Bond special taxes.

(2) Includes land, improvements and personal property less all exemptions.

(3) 2011-12 Land Only Assessed Valuation of TRA 54-135 is \$469,948,475.

(4) 2011-12 Land Only Assessed Valuation of TRA 100-168 is \$111,167,957.

Source: California Municipal Statistics.

The tax burden described in the table above includes voter-approved tax overrides but does not include Mello-Roos special taxes and special benefit assessments, which are not levied on an *ad valorem* basis. Parcels in the District are currently subject to another special tax and to an assessment, and local agencies may impose additional exactions in the future.

The El Dorado Schools Financing Authority levies an annual special tax on taxable parcels within the District to fund school facilities. The maximum special tax rate for a developed residential parcel is equal to the product of the tax rate for the Fiscal Year following the Fiscal Year the building permit was issued and the "assessable space" (the area within the perimeter of the house, excluding garage, patio, and other accessory structures). The maximum tax rate is fixed for a parcel at the time the parcel becomes subject to the tax and remains at that amount for as long as the tax is levied by the Authority. The tax rate for parcels for which building permits were issued in Fiscal Year 1990-91 was \$0.23 per square foot. The tax rate for new developed parcels increases for each year by a 3% escalation factor. The tax rate for

parcels for which building permits were issued in Fiscal Year 2011-12 is \$0.427867 per square foot. The special tax has no stated termination date.

Each lot in the District is also subject to a lighting and landscaping district assessment in the approximate amount of \$267 per year. Currently, this amount is being funded by the Homeowners' Association for the District. However, if the Homeowners' Association ceases this funding, then individual property owners could be subject to this lighting and landscaping district assessment.

ADDITIONAL DEVELOPMENT IN THE DISTRICT

Development Activity

Approximately 17 merchant builders have constructed homes within the District since 1996. With the slowdown in the real estate market, the pace of construction and sales activity in Serrano slowed considerably beginning in 2006, and builders temporarily ceased marketing operations. At present, four merchant builders -- Standard Pacific, Shea Homes, Greenbriar Homes, and Toll Brothers -- own property in the District, holding a combined inventory of approximately 211 finished lots. Shea Homes has reopened its marketing operations and recently sold 12 homes. Standard Pacific acquired its 64 lots in 2011 and recently completed its model homes and has sold five homes.

Marketing and Lot Sales

The Developer is currently marketing (i) finished custom lots to individuals or homebuilders for their construction of custom products and (ii) finished production lots in packages to homebuilders for their construction and sale of the various housing products.

Production Lots. The Developer (and its immediate predecessor, El Dorado Hills Development Company) has completed and closed escrow on 3,290 production lots. As of March 16, 2012, approximately 3,070 homes have been completed and occupied on these lots. The Developer plans to complete approximately 500 additional production lots. No escrows are pending under any of the existing purchase contracts with merchant builders; and the Developer has no purchase contracts pending with additional merchant builders.

Custom Lots. Direct sales of custom lots commenced in September 1995. As of March 16, 2012, 644 custom lots had been completed and 593 had closed escrow. Approximately 560 houses have been completed and occupied on those lots. The average sales price of the most recently sold lots was \$154,000. The Developer plans to complete an additional 264 custom lots.

The following table shows the numbers of lots sold (by year) from 1995 to March 16, 2012.

Table 10
COMMUNITY FACILITIES DISTRICT NO. 1992-1
LOTS SOLD BY YEAR
(based on close of escrow dates)
as of March 16, 2012

Year	Custom	Production⁽¹⁾	Total
1995	32	3	35
1996	53	104	157
1997	40	181	221
1998	21	330	351
1999	53	582	635
2000	100	764	864
2001	45	16	61
2002	29	905	934
2003	57	1	58
2004	74	239	313
2005	54	101	155
2006	5	-	5
2007	6	-	6
2008	5	-	5
2009	1	-	1
2010	10	-	10
2011	4	64	68
2012 ⁽²⁾	<u>4</u>	<u>-</u>	<u>4</u>
Total	593	3,290	3,883

(1) Lots sold to production home builders by Serrano Associates, LLC, or its predecessors.

Source: Serrano Associates, LLC.

Requirements for Additional Development

Regulatory Approvals and Permits. Development within the District is governed by the County’s El Dorado Hills Specific Plan, adopted in 1988, which established specific development policies, land use designations and design standards for development. All development approvals, public works projects, and zoning regulations within the District are required to be consistent with the Specific Plan. The real property within the District was also subject to the terms and provisions of the Development Agreement dated January 3, 1989, between the County and Serrano Associates, LLC. While the Development Agreement terminated by its terms in 2009, all undeveloped property within the District has received tentative map approval from the County or discretionary applications have been deemed complete, both of which secure vested rights to proceed as provided under the Development Agreement. Any discretionary applications submitted in 2009 and thereafter will not be afforded the protections under the Development Agreement from increased fees but will continue to remain subject to the Specific Plan requirements.

Map Status. Although certain extensions may apply, as a general rule, a tentative map in El Dorado County expires 36 months after its approval or conditional approval by the local agency. A landowner can, however, extend a tentative map by automatic extension for up to 3 years by recording successive final maps on portions of the land within the vesting tentative map, provided that certain

requirements of the Subdivision Map Act have been met. In recent years, the Legislature has also enacted bills that automatically extend the terms of certain tentative maps for a prescribed time.

A large lot final map identifying village boundaries for the entire Development has been recorded in two phases, on November 9, 1993, and February 15, 1994, respectively. 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. Further final maps will not be recorded for those villages created by the large lot final map where no further subdivision or lotting of the village will occur (common area development). Final subdivision maps have been recorded to create approximately 3,900 parcels. Tentative maps having current expiration dates ranging from February 2014 to December 2015 have been filed with the County with respect to eight undeveloped phases in Villages J, K and M. Tentative map applications for Villages A, C and D submitted prior to the expiration of the Development Agreement are in process. 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.

The following table indicates the status of tentative maps for Serrano as of May 18, 2012.

Table 11
COMMUNITIES FACILITIES DISTRICT NO. 1992-1
STATUS OF TENTATIVE MAPS
(as of May 18, 2012)

<u>Residential</u>	<u>Tentative Map Lots</u>	<u>Tentative Map File #</u>	<u>Tentative Map Expiration</u>	<u>Planned Lots</u>	<u>Total Lots to Record</u>	
Village A	--	TM 08-1464	TBD	54	54	(1)
Village C2	--	TM 08-1465	TBD	50	50	(1)
Village D1	--	TM 08-1483 TM 08-1484	TBD	135	135	(1) (2)
Village J Lot H	83	TM 10-1498	7/29/2014	--	83	(3)
Village J5/J6	204	TM 08-1479	4/13/2015	--	204	(4)
Village J7	71	TM 07-1457	3/11/2015	--	71	
Village K1/K2	113	TM 01-1377R	12/13/2015	--	113	
Village K5	142	TM 10-1496	4/14/2014	--	142	(4)
Village M2/M3	103	TM 01-1381R	2/9/2014	--	103	
Village M4	38	TM 05-1393	5/6/2015	--	38	
Village M5	10	TM 01-1381R	7/12/2015	--	10	
Residential Totals	764			239	1,003	
<u>Commercial</u>						
Village J5 Ph I	9	P 07-0013	8/14/2015	--	9	
Village J5 Ph II	4	P 08-0020	3/11/2015	--	4	
Commercial Totals	13			--	13	

- (1) Application deemed complete prior to expiration of Development Agreement.
- (2) The planned units in Village D1 Lots C and D may be transferred to the former El Dorado Hills Executive Golf Course, which lies outside District boundaries.
- (3) Final maps for the 83 lots in Village J Lot H will not be recorded if the Rescue Union School District purchases the underlying ground for a school site.
- (4) Serrano Associates, LLC is currently assessing reductions in density for Village K5 Phase 2 and Villages J5/J6.

Source: Serrano Associates, LLC.

Water Availability. According to the El Dorado Irrigation District (EID) 2011 Water Resources and Service Reliability Report dated July 25, 2011, 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 available potable water supply is adequate to serve current and anticipated future demand, including the ability to serve an additional 5,369 EDUs in the El Dorado Hills supply area. Existing agreements commit a total 2,584 EDUs of this available future supply to specific uses in El Dorado Hills. These include a commitment (extended by EID in 2011 for another 10 years) of 202 EDUs with the potential to serve 404 residential units of currently undeveloped property in Serrano. (Because of the use of recycled water for irrigation, only one-half EDU of potable water supply is required to serve a residential unit in Serrano.) The Developer estimates that approximately 378 additional EDUs are necessary to complete undeveloped Serrano property within the District boundaries and believes that the estimated 178 proposed units not covered by existing commitments will be served by the available uncommitted capacity of over 2,700 EDU's described above.

Environmental. The California Environmental Quality Act ("CEQA") 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 that may have a significant effect on the environment.

The Board has certified as complete the Environmental Impact Reports for the El Dorado Hills Specific Plan and the Silva Valley Parkway/U.S. Highway 50 interchange (which provides freeway access to Serrano). On June 28, 2011, the Board certified a Supplemental Environmental Impact Report for the Silva Valley Parkway/U.S. Highway 50 interchange project. Engineering design and right-of-way acquisition for the first phase is underway by the County.

On May 23, 1994, the Board of Directors of EID certified as complete the Deer Creek Wastewater Plant Petition for Change at Point of Discharge Final Environmental Impact Report, and the State Water Resources Control Board issued orders in 1994 and 1995 permitting the diversion of treated wastewater from the Deer Creek Wastewater Treatment Plant for irrigation use in Serrano. On June 14, 2001, the California Regional Water Quality Control Board, Central Valley Region, issued a Revised Master Reclamation Permit for El Dorado Irrigation District, El Dorado Hills and Deer Creek Wastewater Treatment Plants, which allows for the continued use of recycled water in Serrano for irrigating landscaping and the golf course.

The Developer has indicated that, to the best of its knowledge, no further review pursuant to CEQA is required for the remaining development, as long as it is consistent with the Specific Plan. All state and federal discretionary permits required to undertake all currently ongoing construction activity have been obtained. Some permits will need to be renewed as 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.

THE DEVELOPER

Information in this section is relevant to an evaluation of the prospects for completion of additional development within the District. The Developer and a related entity currently own parcels that are responsible for 3.09% of the Special Taxes levied in Fiscal Year 2011-12 (see Table 6 above) and intend to sell that property, as more fully described herein under "ADDITIONAL DEVELOPMENT IN THE DISTRICT—Marketing and Lot Sales." The Special Tax constitutes a lien on parcels subject to taxation within the District and not a personal indebtedness of the owners of property within the District.

Information in this section has been provided by the Developer, and neither the County nor the Underwriter can ensure its completeness or accuracy.

General

The Developer, Serrano Associates, LLC, a Delaware limited liability company, was formed in August 1998 to acquire the partially improved real property located within the District. The Developer currently comprises the following members (collectively, the “Members”): Parker Development Company, a California corporation (“Parker Development”); W.R. Parker, Inc., a California corporation (“Parker Inc.”); and Catellus Serrano, LLC, a Delaware limited liability company (“Catellus”). The term of the limited liability company is August 17, 1998, through December 31, 2028, unless terminated sooner by dissolution or unless extended by the unanimous agreement of the Members.

Developer decisions are made by the Members acting through a management committee (the “Management Committee”) composed of four representatives; two representatives selected by Catellus and two representatives selected by Parker Development and Parker Inc., acting together. Parker Development is the Managing Member of the Developer and, as such, manages the ordinary day-to-day operations of the company under the direction and control of the Management Committee. The business of the Developer is conducted in accordance with a business plan, which is updated and submitted to the Members annually for approval.

Set forth below are brief descriptions of each of the Members.

Parker Development. Parker Development Company (“PDC”), a California corporation incorporated in 1956, owns a 33.3% interest in Serrano Associates, LLC. PDC is a real estate development company located in El Dorado Hills, California. The company currently focuses on the development of master planned residential communities featuring special amenities intended to enhance their value (i.e. lakes, private gates, greenbelts, etc.). PDC’s major projects have included, in addition to its participation in the Development, the development of the Sacramento, California communities of Lake Greenhaven, Riverlake, and The Parkway in Folsom, California. William R. Parker is the sole shareholder and President of Parker Development.

W. R. Parker Inc. W.R. Parker, Inc. (“WRPI”), a California corporation incorporated in 1989, owns a 16.7% interest in Serrano Associates, LLC. WRPI is a real estate development corporation of which 94% of the outstanding common stock is owned by William R. Parker and his wife, Susan Parker.

Catellus Serrano, LLC. Catellus Serrano, LLC (“Catellus”), a Delaware limited liability company, owns a 50% interest in Serrano Associates, LLC, which it acquired in 2011 from Catellus Residential Group, Inc., a subsidiary of ProLogis.

Developer Finances

General. Set forth below is certain information concerning the Developer’s sources of financing for additional development. **However, neither the Developer nor any of its Members will be personally liable for payment of the Special Tax on property owned by the Developer. Investors will not have recourse against the Developer, its credit facilities, or the Members in the event that the Developer elects, for business reasons or otherwise, not to pay such Special Tax when due.** The only remedy for failure by the Developer to pay its Special Taxes when due will be foreclosure against the delinquent parcels. See “SECURITY FOR THE BONDS—The Special Tax” and “— Covenant for Foreclosure.”

Member Equity. Members' contributions of cash have provided the majority of funding for the in-tract infrastructure and site costs required to construct finished lots for the existing development and are expected to be the primary source for funding such costs for the remaining development.

Line of Credit. As of February 29, 2012, the Developer had a \$9 million line of credit facility with a local bank. The available balance under the facility at that date was \$4.5 million. The line of credit expires June 23, 2012, at which time it is expected to be renewed for a minimum of one year. This information has been supplied by the Developer, and no representation is made by the County or the Underwriter as to its completeness or accuracy.

Loans to Buyers. The Developer has at times offered "seller financing" to individuals and builders. As of February 29, 2012, there were two such outstanding notes totaling \$271,000.

History of Property Tax Payments. The Developer reports that, to the best of its knowledge, neither it, its predecessor, nor any of the Members or other affiliates referenced in this section, "THE DEVELOPER," is or has been, during the past five years, delinquent in the payment of any secured *ad valorem* property taxes, special assessments, or special taxes.

The Developer filed claims in 2009 and 2010 for refunds of portions of the Special Taxes paid for property owned by it within the District for the years 2000 through 2010. The claims stemmed from a dispute over the calculation of the District's annual levy of the Special Tax and referenced a resultant accumulation of funds within the District in excess of the amounts required to pay the debt service on the Bonds. While most of the claims for refund were rejected by the County, a settlement was reached wherein the Developer released its claims and the County agreed to (i) amend the Indenture, in an effort to eliminate the future accumulation of excess Special Tax proceeds, (ii) apply the amended Indenture to the 2010/11 fiscal year, allowing for a partial tax refund to the Developer, and (iii) apply a portion of the accumulated Special Tax proceeds toward the funding of certain infrastructure costs eligible for funding by the District and allow for the provision of certain County fee credits to the Developer. (The summary of the flow of funds under the caption in "SECURITY FOR THE BONDS – Special Tax Fund" above reflects the amendment to the Indenture made pursuant to the settlement.)

Litigation. As with most Developers, the Developer is subject to certain legal actions, which, in whole or in part, are not or may not be covered by insurance because of the type of action or amount or types of damages requested, because of a reservation of rights by an insurance carrier, or because the action has not proceeded to a stage which permits full evaluation. In recent years the Developer has been in litigation with one of the merchant builders that acquired 98 production lots from it. The dispute generally involved the Developer's ongoing rights to repurchase lots subsequently offered for sale by the builder. In 2010, the Developer was awarded as-yet-unpaid damages, and the builder is considering an appeal. The Developer reports that neither this litigation nor any other litigation in which the Developer or any Member has been served or, to the knowledge of the Developer, is pending or threatened, if determined adversely to the interests of the Developer, would materially adversely affect the ability of the Developer to complete the Development on a timely basis or to pay its Special Tax or *ad valorem* tax obligations when due.

SPECIAL RISK FACTORS

The following is a description of certain risk factors affecting the District, the property owners in the District, the parcels subject to the levy of the Special Tax and the payment of and security for the Bonds. The following discussion of risks is not meant to be a complete list of the risks associated with the purchase of the Refunding Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the investment quality of the Refunding Bonds. There can be no assurance that other risk factors will not become material in the future.

Payment of the Special Tax is not a Personal Obligation

The owners of the parcels in the District are not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation that is secured only by a lien against the parcels on which it is levied. If the value of a Taxable Parcel is not sufficient to fully secure the payment of the Special Tax, the County has no recourse against the landowner.

No General Obligation of the County

The County's obligations under the Refunding Bonds and under the Indenture are limited obligations of the County payable solely from and secured solely by the Special Tax Revenues and amounts in the Special Tax Fund, the Redemption Account, and the Reserve Account. Neither the faith and credit nor the general taxing power of the County or the State of California or of any of their respective political subdivisions is pledged to the payment of the Refunding Bonds.

Property Value

If a landowner defaults in the payment of the Special Tax, the only legal remedy is the institution of a superior court action to foreclose on the delinquent Taxable Parcel in an attempt to obtain funds with which to pay the Special Tax. The value of the Taxable Parcels in the District could be adversely affected by economic factors beyond the County's control, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, wildfire, earthquakes and floods), which may result in uninsured losses. See "—Natural Disasters."

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay the delinquent Special Tax installment. Although the Act authorizes the County to cause such an action to be commenced and diligently pursued to completion, the Act does not specify any obligation of the County with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale in any such action if there is no other purchaser at such sale. The County is not obligated and does not expect to be a bidder at any such foreclosure sale. See "—Proceeds of Foreclosure Sales."

Risks of Real-Estate-Secured Investments Generally

Purchasers of the Refunding Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such

as changes in the market value of real property in the vicinity of the District, the supply of or demand for competing properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes and floods), which may result in uninsured losses; and (iv) in the case of undeveloped property, all of the challenges associated with the development process.

Undeveloped Property

Undeveloped or partially developed land (which bears approximately 13% of the current Special Tax levy) is less valuable than developed land and provides less security to the owners of the Bonds should it be necessary for the County to foreclose on such property due to the nonpayment of Special Taxes. Continued development of property will require the developers to finance additional infrastructure, pay development fees and utility connection charges, obtain building permits, and satisfy any future regulatory requirements. There can be no assurance that land development operations within the District will proceed in accordance with the developers' current plans.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Special Tax Formula. 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 California public entity through a negotiated transaction, or by gift or devise, that is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. Property owned by the federal government is not taxable by the County. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, the Act 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, for outstanding Bonds only, 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. See "SECURITY FOR THE BONDS - The Special Tax."

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 or another public agency, subject to the limitation of the Maximum Special Tax, the Special Tax will be reallocated 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 Special Tax that could be levied upon the remaining Taxable Parcels might not be sufficient to pay principal of and interest on the Refunding Bonds when due and a default would occur with respect to the payment of such principal and interest.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Parity Taxes and Special Assessments

The Special Taxes and any penalties thereon will constitute liens against the Taxable Parcels in the District until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is coequal to and independent of the lien for general property taxes

regardless of when they are imposed upon the taxable parcel. The Special Taxes have priority over all existing and future private liens imposed on the property. The County, however, has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the Taxable Parcel within the District subject to the levy of Special Taxes. In addition, the landowners within the District may, without the consent or knowledge of the County, petition other public agencies to issue public indebtedness secured by special taxes or assessments, and any such special taxes or assessments may have a lien on such property on a parity with the Special Tax. The imposition of additional indebtedness could reduce the willingness and the ability of the property owners within the District to pay the Special Tax when due. See “SECURITY FOR THE BONDS – Additional Debt” above.

Insufficiency of the Special Tax

In order to pay debt service on the Refunding Bonds, it is necessary that the Special Tax levied against taxable parcels within the District be paid in a timely manner. The County has established the Reserve Account in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent Special Taxes are not paid on time and other funds are not available. See “SECURITY FOR THE BONDS—Reserve Account.” Under the Indenture, the County has covenanted to maintain in the Reserve Account an amount equal to the Reserve Requirement; subject, however, to the limitation that the County may not levy the Special Tax in any fiscal year at a rate in excess of the Maximum Special Tax rates permitted under the Special Tax Formula. See “SECURITY FOR THE BONDS—The Special Tax.” Consequently, if a delinquency occurs, the County may be unable to replenish the Reserve Account to the Reserve Requirement due to the limitation of the Maximum Special Tax rates. If such defaults were to continue in successive years, the Reserve Account could be depleted and a default on the Refunding Bonds would occur if proceeds of a foreclosure sale did not yield a sufficient amount to pay the delinquent Special Taxes.

The County has made certain covenants regarding the institution of foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Refunding Bonds. See “SECURITY FOR THE BONDS—Covenant for Foreclosure.” If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest.

Tax Delinquencies

Under provisions of the Act, the Special Tax, from which funds necessary for the payment of principal of, and interest on, the Refunding Bonds are derived, is being billed to the Taxable Parcels within the District on the regular property tax bills sent to owners of the parcels. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See “SECURITY FOR THE BONDS—Reserve Account” and “-Covenant for Foreclosure” for a discussion of the provisions that apply, and procedures that the County is obligated to follow under the Indenture, in the event of delinquency in the payment of Special Tax installments. See also “LAND VALUES AND SPECIAL TAXES” for historical Special Tax delinquency history.

Adjustable Rate and Non-Conventional Mortgages

Since the end of 2002, many individuals financed the purchase of new homes using loans with little or no down payment and with adjustable interest rates that start low and are subject to being reset at higher rates on a specified date or upon the occurrence of specified conditions. Many of these loans allow the borrower to pay interest only for an initial period, in some cases up to 10 years. The post-2008 period has shown that interest rate resets on adjustable rate loans can lead to defaults in loan payments, property tax delinquencies and declines in property values. These conditions have been aggravated since 2008 by high levels of unemployment. See Appendix A – “El Dorado County General Demographic Information.”

Homeowners in the District that purchased their homes with adjustable rate and non-conventional loans with no or low down payments may experience difficulty in making their loan payments due to automatic mortgage rate increases and rising interest rates. This could result in an increase in the Special Tax delinquency rates in the District and draws on the Reserve Account. If there were significant delinquencies in Special Tax collections in the District and the Reserve Account were fully depleted, there could be a default in the payment of principal of and interest on the Refunding Bonds.

If mortgage loan defaults increase, bankruptcy filings by such homeowners could also increase. Bankruptcy filings by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes. See “—Bankruptcy Delays” below.

Bankruptcy Delays

The payment of the Special Tax and the ability of the County to commence a superior court action to foreclose the lien of a delinquent unpaid Special Tax, as discussed in “SECURITY FOR THE BONDS,” may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State of California relating to judicial foreclosure. Any legal opinion to be delivered concurrently with the delivery of the Refunding Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Refunding Bonds.

Proceeds of Foreclosure Sales

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax, the Board of Supervisors may order that the Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. The County has covenanted in the Indenture that it will, under certain circumstances, commence such a foreclosure action. See “SECURITY FOR THE BONDS—Covenant for Foreclosure.”

No assurances can be given that a Taxable Parcel in the District that would be subject to a judicial foreclosure sale for delinquent Special Taxes will be sold or, if sold, that the proceeds of such sale will be sufficient to pay the delinquent Special Tax installment. Although the Act authorizes the County to cause

such an action to be commenced and diligently pursued to completion, the Act does not specify any obligation of the County with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale in any such action if there is no other purchaser at such sale and the County has not in any way agreed nor does it expect to be such a bidder.

In the case of residential property of four or fewer units, a judgment debtor (i.e., the property owner) has 120 days from the date of service of the notice of levy in which to redeem the property to be sold (which time period may be shortened to 20 days for other property) and may have other redemption rights afforded by law. If a judgment debtor fails to so redeem and the property is sold, his only remedy is an action to set aside the sale. If a foreclosure sale is thereby 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 foreclosure proceedings were ever instituted, any holder of a mortgage or deed of trust on the affected property could, but would not be required to, advance the amount of the delinquent Special Tax installment to protect its security interest.

In the event such superior court foreclosure or foreclosures are necessary, there could be a delay in principal and interest payments to the owners of the Refunding Bonds pending prosecution of the foreclosure proceedings and receipt by the County of the proceeds of the foreclosure sale, if any. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions and other factors beyond the control of the County, including delay due to crowded local court calendars or legal tactics and, in any event could take several years to complete. See “— Bankruptcy Delays.”

Natural Disasters

The value of the Taxable Parcels in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Parcels and the continued habitability and enjoyment of such private improvements. Such occurrences include, without limitation, wildfire and earthquakes. According to the State of California Seismic Safety Commission, the District is located in an area designated as Earthquake Zone 3, a moderate damage zone, which is the lowest risk zone in California. One or more of such natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs, and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Parcels might decline significantly.

Hazardous Substances

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to 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 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 substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition.

The County has not independently verified, but is not aware of, the presence of any hazardous substances within the District, other than naturally occurring asbestos, as described below.

Naturally Occurring Asbestos

Naturally occurring asbestos is found in the rocks (primarily serpentinite) 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. 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 houses in the area.

Disclosure to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax, even if the value of the property is sufficient to justify payment, may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the Maximum Special Tax and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The County has caused notices of the Special Tax to be recorded in the Office of the Recorder for the County against each parcel in the District. Although 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 when purchasing a property within the District or lending money thereon, as applicable.

California Civil Code Section 1102.6b requires that, in the case of transfers, 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.

FDIC/Federal Government Interests in Properties

The ability of the County to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the "FDIC"), or other federal government entities such as Fannie Mae or Freddie Mac, has or obtains an interest.

In the case of the FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the County may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County, California, in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The County is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although

prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a Taxable Parcel is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or in the event a private deed of trust secured by a Taxable Parcel is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a Taxable Parcel but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the County wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest.

The County's remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

No Acceleration Provision

The Refunding Bonds and the Indenture do not contain a provision allowing for the acceleration of the Refunding Bonds in the event of a payment default or other default under the terms of the Refunding Bonds or the Indenture or in the event interest on the Refunding Bonds becomes included in gross income for federal income tax purposes.

Taxability Risk

As discussed herein under the caption "TAX MATTERS," interest on the Refunding Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Refunding Bonds were issued, as a result of future acts or omissions of the County in violation of its covenants in the Indenture. There is no provision in the Refunding Bonds or the Indenture for special redemption or acceleration or for the payment of additional interest should such an event of taxability occur, and the Refunding Bonds will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

In addition, as discussed under the caption "TAX MATTERS," Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Refunding Bonds. Prospective purchasers of the Refunding Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The County can provide no assurance that federal tax law will not change while the Refunding Bonds are outstanding or that any such changes will not adversely affect the exclusion of interest on the Refunding Bonds from gross income for federal income tax purposes. If the exclusion of interest on the Refunding Bonds from gross income for federal income tax purposes were

amended or eliminated, it is likely that the market price for the Refunding Bonds would be adversely impacted.

Enforceability of Remedies

The remedies available to the Fiscal Agent and the registered owners of the Refunding Bonds upon a default under the Indenture or any other document described in this Official Statement are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. Any legal opinions to be delivered concurrently with the issuance of the Refunding Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Refunding Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Judicial remedies, such as foreclosure and enforcement of covenants, are subject to exercise of judicial discretion. A California court may not strictly apply certain remedies or enforce certain covenants if it concludes that application or enforcement would be unreasonable under the circumstances and it may delay the application of such remedies and enforcement.

No Secondary Market

No representation is made concerning any secondary market for the Refunding Bonds. There can be no assurance that any secondary market will develop for the Refunding Bonds. Investors should understand the long-term and economic aspects of an investment in the Refunding Bonds and should assume that they will have to bear the economic risks of their investment to maturity. An investment in the Refunding Bonds may be unsuitable for any investor not able to hold the Refunding Bonds to maturity.

Proceedings to Reduce or Terminate the Special Tax

Pursuant to the Act, proceedings could be initiated to reduce or terminate the levy of the Special Tax. However, the Act prohibits the Board of Supervisors from adopting resolutions to reduce the rate of the Special Tax or terminate the levy of the Special Tax unless the Board of Supervisors determines that the reduction or termination of the Special Tax “would not interfere with the timely retirement” of any outstanding indebtedness secured by the Special Tax.

Section 3 of Article XIIC of the California Constitution, which was added by Proposition 218 in 1996, provides, in part, that, “...the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” Government Code Section 5854, adopted thereafter, states that:

Section 3 of Article XIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.

Accordingly, although the matter is not free from doubt, it is likely that Article XIII C has not conferred on the voters the power to repeal or reduce the Special Taxes, if such reduction would materially interfere with the payment of debt service on the Refunding Bonds.

It may be possible, however, for voters or the District or the Board of Supervisors to reduce the Special Taxes in a manner that does not interfere with the timely retirement of the Refunding Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Refunding Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for administrative expenses of the District. Nevertheless, the County has covenanted that it will annually levy the Special Tax in an amount that will be sufficient, after making reasonable allowances for contingencies, errors in the levy, and anticipated delinquencies, to pay debt service on the Bonds, to pay all expenses of administering the District, to cure delinquencies in the payment of debt service on the Bonds, and to replenish the Reserve Account to the Reserve Requirement. However, no assurance can be given as to the enforceability of the foregoing covenant.

The interpretation and application of Article XIII C will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “—Enforceability of Remedies.”

Ballot Initiatives

Article XIII C of the California Constitution was adopted pursuant to a measure qualified for the ballot pursuant to California’s constitutional initiative process, and the State Legislature has in the past enacted legislation that has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the County, or local districts to increase revenues or to increase appropriations.

TAX MATTERS

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon the analysis of existing statutes, regulations, ruling and court decisions, and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, the interest on the Refunding Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. Bond Counsel is also of the opinion that interest on the Refunding Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account when determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. A complete copy of the proposed form of Opinion of Bond Counsel is set forth in Appendix D.

The Internal Revenue Code of 1986, as amended, (the “Code”) imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Refunding Bonds. The County has covenanted to comply with certain restrictions designed to assure that interest on the Refunding Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Refunding Bonds being included in federal gross income, possibly from the date of issuance of the Refunding Bonds. The

opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after that date of issuance of the Refunding Bonds may adversely affect the tax status of interest on the Refunding Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel expects to render an opinion that interest on the Refunding Bonds is excludable from gross income for federal income tax purposes and exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Refunding Bonds to be subject, directly or indirectly, to federal and/or state income taxation, or otherwise prevent beneficial owners of the Refunding Bonds from realizing the full current benefit of the tax status of such interest. Recently, proposed legislative changes have been introduced in Congress that, if enacted, could result in additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the Refunding Bonds. Prospective purchasers of the Refunding Bonds should consult their own tax advisers regarding any pending or proposed federal and/or state tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Refunding Bonds for audit examination, or the course or result of any IRS examination of the Refunding Bonds, or obligations that present similar tax issues, will not affect the market price or liquidity of the Refunding Bonds.

The rights of the owners of the Refunding Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor's rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and target audits. It is possible that the Refunding Bonds will be selected for audit by the IRS. It is also possible that the market value of the Refunding Bonds might be affected as a result of such an audit of the Refunding Bonds (or by an audit of similar bonds).

LEGAL MATTERS

Concurrently with the issuance of the Refunding Bonds, Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Bond Counsel, will render its opinion substantially in the form set forth in Appendix D to this Official Statement. Certain legal matters with respect to the Refunding Bonds will be passed upon for the County by the County Counsel, and for the County by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, acting as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Jones Hall, A Professional Law Corporation. Payment of the fees of Bond Counsel and Disclosure Counsel are not contingent upon the issuance and delivery of the Refunding Bonds.

RATING

Standard & Poor's Ratings Services ("Standard & Poor's"), has assigned its municipal bond rating of "___" to the Refunding Bonds.

This rating reflects only the views of Standard & Poor's, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from Standard & Poor's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The County has provided certain additional information and materials to Standard & Poor's (some of which do not appear in this Official Statement).

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

LITIGATION

The County is not aware of any pending or threatened litigation challenging the validity of the Refunding Bonds, the Special Taxes securing the Refunding Bonds, or any action taken by the County in connection with the formation of the District, the levying of the Special Taxes, or the issuance of the Refunding Bonds.

UNDERWRITING

The Refunding Bonds are being purchased through negotiation by Stifel, Nicolaus & Company, Incorporated, doing business as Stone & Youngberg, a Division of Stifel, Nicolaus (the "Underwriter"). The Underwriter agreed to purchase the Refunding Bonds at a price of \$_____ (which is equal to the par amount of the Refunding Bonds, less an underwriter's discount of \$_____). The initial public offering prices set forth on the inside cover page may be changed by the Underwriter. The Underwriter may offer and sell the Refunding Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof.

CONTINUING DISCLOSURE

The County has covenanted in a Continuing Disclosure Certificate for the benefit of the Owners of the Refunding Bonds to provide certain annual financial information and operating data, and to provide notices of the occurrence of certain enumerated events. The County agreed in its certificate to file, or cause to be filed, with the Municipal Securities Rulemaking Board such report and notices. See Appendix E – "Form of Continuing Disclosure Certificate" for the complete text of the County's Continuing Disclosure Certificate. The covenants of the County have been made in order to assist the Underwriter in complying with the Rule. The County has not failed to comply in all material respects with any undertaking under the Rule in the past five years.

AUTHORIZATION

The execution and delivery of this Official Statement has been duly authorized by the Board of Supervisors.

COUNTY OF EL DORADO

By: _____
Chief Administrative Officer

APPENDIX A

EL DORADO COUNTY GENERAL DEMOGRAPHIC INFORMATION

The following information is included only for the purpose of supplying general information regarding El Dorado County. This information is provided only for general informational purposes, and provides prospective investors limited information about El Dorado County and its economic base. The Refunding Bonds are not a debt of the County, the State or any of their respective political subdivisions, and none of the County, the State or any of their respective political subdivisions is liable therefor.

General and Location

The County of El Dorado (the "County") was incorporated as a general law county in 1850, with the City of Placerville as the county seat. In 1994 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 the County is comprised of unincorporated areas, the County provides a wide variety of services through its departments and by special districts for these areas.

The County comprises 1,711.5 square miles located in the foothills of the Sierra Nevada Mountains. Over much of its east-west length, the County is bounded on the south by the American River and on the north by the Bear River. The County borders Lake Tahoe on the east and Sacramento County on the west. Placerville, the County seat, is located forty-four miles east of Sacramento. The City of South Lake Tahoe, the largest city in the County, is located sixty miles east of Placerville, on Lake Tahoe. More than half of the land of the County is owned by federal, state or local governments.

Population

The following table shows population estimates for the County and the State as of January 1 for calendar years 2006 through 2011.

EL DORADO COUNTY Population Estimates Calendar Years 2006 through 2011

Year	El Dorado County	California
2006	174,218	36,116,202
2007	176,226	36,399,676
2008	177,897	36,704,375
2009	179,150	36,966,713
2010 ⁽¹⁾	181,058	37,253,956
2011	182,498	37,510,765

⁽¹⁾ 2010 Census Count

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, with 2010 Census Count and E-1 State/County Population Estimates 2010-2011.

Personal Income

The United States Department of Commerce, Bureau of Economic Analysis (the “BEA”) produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines “personal income” as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors’ income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau’s annual midyear population estimates.

Total personal income in El Dorado County increased by 48.63% between 2000 and 2010, representing an average annual compound growth rate of ____%. *Per capita* personal income in El Dorado County grew by 28.95% between 2000 and 2010, representing an average annual compound growth of ____%.

EL DORADO COUNTY PERSONAL INCOME 2000 – 2010⁽¹⁾ (in thousands)

<u>Year</u>	<u>Income</u>	<u>Annual % Change</u>
2000	\$5,877,416	--
2001	6,043,957	2.83%
2002	6,331,672	4.76
2003	6,635,700	4.80
2004	7,120,743	7.31
2005	7,688,115	7.97
2006	8,219,865	6.92
2007	8,607,872	4.72
2008	8,966,753	4.17
2009	8,505,832	-5.14
2010	8,735,443	2.70

⁽¹⁾ Latest data available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

EL DORADO COUNTY, STATE OF CALIFORNIA, UNITED STATES
PER CAPITA PERSONAL INCOME
(in dollars)
2000 - 2010⁽¹⁾

Year	El Dorado County	California		United States	
		Metropolitan Portion	Non-Metropolitan Portion	Metropolitan Portion	Non-Metropolitan Portion
2000	\$37,397	\$33,618	\$24,486	\$31,942	\$22,477
2001	37,517	34,096	25,510	32,726	23,499
2002	38,328	34,241	25,983	33,049	23,777
2003	39,421	35,167	26,951	33,830	24,712
2004	41,483	37,080	28,793	35,518	25,918
2005	43,931	38,951	29,516	37,177	26,845
2006	46,500	41,760	31,370	39,658	28,052
2007	48,442	43,448	33,198	41,456	29,694
2008	50,052	44,226	34,525	42,787	31,632
2009	47,135	41,492	33,122	40,442	30,707
2010	48,222	42,700	34,475	41,524	31,790

⁽¹⁾ Latest data available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment and Industry

The table below provides information about employment by industry type for the County for calendar years 2006 through 2010.

EL DORADO COUNTY Employment by Industry Annual Averages

	2006	2007	2008	2009	2010
<u>Civilian Labor Force</u> ⁽¹⁾					
Employment	87,600	85,900	84,400	81,500	79,400
Unemployment	4,200	4,700	6,300	10,200	11,500
Unemployment Rate	4.6%	5.2%	6.9%	11.1%	12.6%
<u>Wage and Salary Employment</u> ⁽²⁾					
Agriculture	400	400	300	300	200
Mining and Logging	200	200	200	100	100
Construction	5,600	5,700	4,800	3,400	2,800
Manufacturing	2,300	2,400	2,300	1,700	1,600
Wholesale Trade	1,000	1,000	1,000	800	700
Retail Trade	5,900	6,000	5,900	5,500	5,500
Transportation, Warehousing and Utilities	700	700	600	600	600
Information	700	800	700	600	500
Finance and Insurance	2,500	2,600	2,700	2,700	2,700
Real Estate and Rental and Leasing	900	900	900	800	800
Professional and Business Services	7,300	7,400	7,000	5,800	5,800
Educational and Health Services	6,000	6,100	6,500	6,500	6,000
Leisure and Hospitality	7,700	7,600	7,300	7,000	7,000
Other Services	1,900	2,000	2,000	1,800	1,700
Federal Government	800	800	800	900	1,100
State Government	500	600	600	600	600
Local Government	8,200	8,400	8,800	9,700	9,100
Total, All Industries ⁽³⁾	52,700	53,500	52,200	48,700	46,800

(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) Figures may not total due to rounding.

Source: State of California Employment Development Department; March 2010 Benchmark.

Major Employers

The table below lists the largest employers in the County as of November 2011.

EL DORADO COUNTY Major Employers

Company	Employer Size Class	Type of Business
Area Agency on Aging – Senior Services	250-499	County Government – Social/Human Resources
Barton Memorial Hospital	500-999	Medical Laboratories
Camp Richardson Resort	250-499	Resorts
Cemex	100-249	Wholesale Sand & Gravel
Child Development Programs	500-999	Child Care Service
DST Output	1,000-4,999	Computer Software
El Dorado County Human Services	250-499	County Government – Social/Human Resources
El Dorado County Sheriff	250-499	Sheriff
El Dorado County Social Services	100-249	County Government – Social/Human Resources
El Dorado County Superior Court	100-249	County Government Offices
El Dorado Department of Transportation	100-249	County Government – Transportation Programs
El Dorado Irrigation District	100-249	Water & Sewage Companies – Utility
Embassy Suites – South Lake Tahoe	250-499	Hotels & Motels
Lake View Lodge	1,000-4,999	Resorts
Lake Tahoe Community College	250-499	Schools – Universities & Colleges
Marriott - Grand Residence Tahoe	500-999	Resorts
Marriott - Timber Lodge	100-249	Hotels & Motels
McClone Construction Company	250-499	General Contractors
Mother Lode Bail Bonds	250-499	Bail Bonds
Safeway	100-249	Retail Grocers
Serrano County Club	100-249	Golf Courses
Sierra Pacific Industries	100-249	Lumber Manufacturers
Sierra-At-Tahoe	500-999	Skiing Centers & Resorts
Spare Time Inc.	250-499	Health Clubs, Studios & Gymnasiums
Walmart	250-499	Department Stores

Source: State of California Employment Development Department from America's Labor Market Information System (ALMIS) Employer Database, 2011 1st Edition.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the second quarter of calendar year 2010 in the County were reported to be \$379,361, a 2.02% increase over the total taxable sales of \$371,864 reported during the second quarter of calendar year 2009. Annual figures are not yet available for 2010.

EL DORADO COUNTY Taxable Transactions Calendar Years 2005 through 2009 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2005	2,628	\$1,292,107	6,421	\$1,851,231
2006	2,579	1,310,701	6,216	1,898,805
2007	2,507	1,303,337	6,122	1,896,995
2008	2,778	1,230,164	6,132	1,787,804
2009 ⁽¹⁾	3,831	1,073,469	5,592	1,527,935

(1) In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 is not comparable to that of prior years.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following table shows a five-year summary of the valuation of building permits issued in the County.

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

	2007	2008	2009	2010	2011
<u>Permit Valuation</u>					
New Single-family	\$ 246,294	\$122,586	\$50,041	\$40,885	\$40,847
New Multi-family	24,851	15,518	358	1,306	0
Res. Alterations/Additions	<u>43,467</u>	<u>41,035</u>	<u>26,611</u>	<u>21,743</u>	<u>27,101</u>
Total Residential	\$314,612	\$179,139	\$77,010	\$63,934	\$67,948
New Commercial	\$ 40,429	\$21,501	\$10,897	\$ 4,354	\$ 8,255
New Industrial	902	0	0	0	0
New Other	39,228	28,667	24,825	15,000	12,979
Com. Alterations/Additions	<u>30,918</u>	<u>13,260</u>	<u>15,378</u>	<u>11,811</u>	<u>46,140</u>
Total Nonresidential	\$111,477	\$63,428	\$51,100	\$31,165	\$67,374
<u>New Dwelling Units</u>					
Single Family	714	379	160	110	105
Multiple Family	<u>180</u>	<u>142</u>	<u>2</u>	<u>5</u>	<u>0</u>
TOTAL	894	521	162	115	105

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Introduction

The following is a summary of certain provisions of the Indenture not described elsewhere in this Official Statement.

Covenants of the County

So long as any of the Bonds are outstanding and unpaid, the County is required to faithfully perform and abide by all of the covenants and provisions of the Indenture, including the following covenants for the benefit of the owners of the Bonds:

Maintenance of Tax Exemption. The County will take all reasonable actions required to maintain the status of the Bonds as bonds on which the interest is not includable in the gross income of the owners of the Bonds for federal income tax purposes and as bonds on which the interest is exempt for State of California personal income taxes. In acting under this covenant, the County may conclusively rely on an opinion of nationally recognized bond counsel.

Protection of Security and Rights of Owners. The County will preserve and protect the security of the Bonds and the rights of the owners and will defend their rights against all claims and demands of all persons.

Punctual Payment and Performance. The County will punctually pay, from the proceeds of the Special Tax, the interest on and principal of and redemption premium, if any, to become due on every Bond issued under the Indenture in strict conformity with the terms of the Act and the Indenture and will faithfully observe and perform all of the agreements, conditions, covenants, and terms contained in the Indenture and in the Bonds required to be observed and performed by it.

Remedies of Owners

The Bonds do not contain a provision allowing for the acceleration thereof in the event of a payment default or other default under the terms of the Indenture Resolution or the Bonds. Pursuant to the Indenture, any owner of Bonds has the right, for the equal benefit and protection of all owners similarly situated:

1. by mandamus or other suit or proceeding at law or in equity to enforce the owners' rights against the County or the Board of Supervisors or any of the officers or employees of the County and to compel the County or the Board or any such officers or employees to perform and carry out their duties under the Act and the agreements and covenants with the owners contained in the Indenture and in the Bonds;
2. by suit in equity to enjoin any acts or things that are unlawful or that violate the rights of the owners ; or
3. by suit in equity upon the nonpayment of Bonds to require the County or the Board of Supervisors or the officers and employees of the County to account as the trustee of an express trust.

Defeasance

If an escrow agent designated by the County (the “Escrow Agent”) holds sufficient monies or direct non-callable obligations of the United States or non-callable securities fully and unconditionally guaranteed as to timely payment of principal and interest by the United States (“Escrow Investments”) the principal of and the interest on which when due and payable will provide sufficient monies to pay the principal, interest, and the redemption premium, if any, upon any Bonds then outstanding to the maturity date or dates specified for the redemption thereof, and if, in the event any Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption shall have been given by the County to the Escrow Agent, and sufficient funds shall also have been provided or provision made for paying all other obligations as to the Bonds to be redeemed by the County, then the Bonds so provided for shall be deemed to be defeased and no longer outstanding; and the rights of the owners of such Bonds to the covenants contained in the Indenture (except the covenant to maintain the tax exemption of the Bonds) and to all monies, accounts, Special Tax proceeds or security for payment of the Bonds, other than monies and Escrow Investments held by the Escrow Agent on their behalf, shall terminate.

Amendment of or Supplement to the Indenture

The Indenture and the rights and obligations of the County and of the owners of the Bonds may be amended or supplemented at any time by a supplemental indenture, which shall become binding when the written consents of the owners of at least 60% in aggregate principal amount of the Bonds then outstanding (other than Bonds held by or for the account of the County) are filed with the County.

No such amendment or supplement shall (i) extend the maturity of reduce the interest rate on or otherwise alter or impair the obligation of the County to pay the interest on or the principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided in the Indenture without the express written consent of the owner of such Bond, or (ii) permit the issuance by the County of any obligations payable from the Special Tax other than as provided in the Indenture, or (iii) jeopardize the ability of the County to levy or collect the Special Tax, or (iv) reduce the percentage of Bonds required for the written consent to any such amendment or supplement, or (v) modify the rights of the Fiscal Agent without its prior written consent.

The Indenture and the rights and obligations of the County and of the owners of the Bonds may also be amended or supplemented at any time by a supplemental resolution or indenture, which shall become binding upon adoption without the prior written consent of any owners, but only to the extent permitted by law and only for any one or more of the following purposes:

- (a) to add to the covenants required to be performed by the County other covenants that shall not adversely affect the interests of the owners of the Bonds; or
- (b) to cure any ambiguity or correct or supplement any defective provision contained in the Indenture or to add any provision that the County may deem desirable or necessary and that shall not adversely affect the interests of the owners of the Bonds; or
- (c) to authorize the issuance of additional bonds and to provide the terms and conditions under which such bonds may be issued, subject to compliance with the Indenture.

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

§ _____

**COMMUNITY FACILITIES DISTRICT NO. 1992-1
(EL DORADO HILLS DEVELOPMENT)
COUNTY OF EL DORADO, CALIFORNIA
2012 SPECIAL TAX REFUNDING BONDS**

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F has been provided by The Depository Trust Company (“DTC”), New York, New York, for use in securities offering documents, and the County does not take responsibility for the accuracy or completeness thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners (a payments of interest, principal or premium, if any, with respect to the Refunding Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Refunding Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Refunding Bonds, 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.

DTC will act as securities depository for the Refunding Bonds. The Refunding Bonds 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 certificate will be issued for each maturity of the Refunding Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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, 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 the Refunding Bonds. 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 and www.dtc.org.

Purchases of Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Bonds on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 Refunding Bonds 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 Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding Bonds 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 Refunding Bonds 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 Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding Bonds 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.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Refunding Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Refunding Bonds 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 the County or the Fiscal 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 nor its nominee, the Fiscal Agent, or the County, 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 the County or the Fiscal 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.

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

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