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June 24, 2016

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

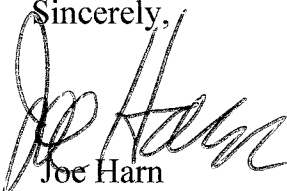
RE: DRAFT Preliminary Offering Statement – CFD No. 2005-1 (Blackstone)

Dear Board Members:

This letter is to advise your board that, although the Assessment and Community Facilities District Screening Committee (“Committee”) recommends that you adopt the Resolution Reaffirming the Issuance and Sale of Special Tax Bonds and Approving and Authorizing An Official Statement, Bond Purchase Agreement and Related Documents and Actions for Community Facilities District No. 2005-1 (Blackstone) which is before you today, there are still a number of clerical errors and omissions in said documents that require correction.

Specifically, language regarding Measure E, will be added to the Special Risk Factors of the DRAFT Preliminary Offering Statement. This resolution gives the Chief Administrative Officer, the Auditor-Controller, Treasurer-Tax Collector, County Counsel, or any person duly authorized by your board, the authority to make, after consultation with counsel and members of the Committee, de minimis changes, additions, or deletions to the Preliminary Offering Statement.

Sincerely,


Joe Harn
Auditor-Controller

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE

SENIOR INSURED BONDS RATING: S&P: “__”
SENIOR UNDERLYING RATING: S&P: “__”
See “RATINGS” herein

JUNIOR (SUBORDINATE) BONDS NOT RATED OR INSURED

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “LEGAL MATTERS - Tax Exemption.”

**COUNTY OF EL DORADO
COMMUNITIES FACILITIES DISTRICT NO. 2005-1
(Blackstone)**

\$ _____*
**2016 Series A SENIOR LIEN
SPECIAL TAX BONDS**

\$ _____*
**2016 Series B JUNIOR LIEN
SPECIAL TAX BONDS**

Dated: Date of Delivery

Due: September 1, as shown on inside cover

The County of El Dorado Communities Facilities District No. 2005-1 (Blackstone) 2016 Series A Senior Lien Special Tax Bonds (the “Senior Lien Bonds”), the County of El Dorado Communities Facilities District No. 2005-1 (Blackstone) 2016 Series B Junior Lien Special Tax Bonds (the “Junior Lien Bonds,” and together with the Senior Lien Bonds, the “Bonds”) are being issued under the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”) and as to each series a separate Fiscal Agent Agreement, each dated as of August 1, 2016 (together, the “Fiscal Agent Agreements”), by and between the County of El Dorado (the “County”) and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”), and are payable from proceeds of Special Taxes (as defined herein) levied on property within the County of El Dorado Communities Facilities District No. 2005-1 (Blackstone) (the “District”) according to the rate and method of apportionment of special tax approved by the qualified electors of the District and by the Board of Supervisors of the County, as legislative body of the District.

The Bonds are being issued to (i) refund the District’s outstanding County of El Dorado Community Facilities District No. 2005-1 (Blackstone) Special Tax Bonds Series 2005, (ii) purchase a reserve fund insurance policy for the Senior Lien Bonds and establish a cash debt service reserve fund for the Junior Lien Bonds, (iii) finance capital improvements of benefit to property in the District, and (iv) pay the costs of issuing the Bonds. See “FINANCING PLAN.”

Interest on the Bonds is payable on March 1, 2017, and semiannually thereafter on each March 1 and September 1. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. See “THE BONDS – General Bond Terms” and “APPENDIX E – DTC and the Book-Entry Only System.”

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

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

Ownership of the Junior Lien Bonds is subject to a significant degree of risk. The Junior Lien Bonds are not rated by any national rating agency. Accordingly, there may be a limited trading market for the Junior Lien Bonds. Potential investors are advised to read carefully the section entitled “SPECIAL RISK FACTORS.”

The scheduled payment of principal and interest on the Senior Lien Bonds [maturing on September 1 of the years 20__ through 20__ (collectively, the “Insured Bonds”), with CUSIP numbers as indicated on the inside cover], when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by _____.

[INSURER LOGO]

MATURITY SCHEDULE

(see inside cover)

The Bonds, the interest thereon, and any premiums payable on the redemption of any of the Bonds, are not an indebtedness of the County, the State of California (the “State”) or any of its political subdivisions, and neither the County (except to the limited extent described herein), the State nor any of its political subdivisions is liable on the Bonds. Neither the faith and credit nor the taxing power of the County (except to the limited extent described herein) or the State or any political subdivision thereof is pledged to the payment of the Bonds. Other than the Special Taxes, no taxes are pledged to the payment of the Bonds. The Bonds are not a general obligation of the County, but are limited obligations of the County payable solely from the Special Taxes as more fully described herein.

This cover page contains certain information for quick reference only. Potential investors must read this entire Official Statement to obtain information essential for making an informed investment decision. Investment in the Bonds involves risks

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 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 a 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 or qualification under the securities laws of such jurisdiction.

that may not be appropriate for some investors. See “SPECIAL RISK FACTORS” for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued by the County and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall has also served as disclosure counsel to the County. Certain matters will be passed upon for the County by the County Counsel. Certain matters will be passed upon for the Underwriter by its counsel, Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about ____, 2016.

[Stifel logo]

The date of this Official Statement is: ____, 2016.

DRAFT

MATURITY SCHEDULE

SERIES A SENIOR LIEN BONDS

\$ _____ **Serial Bonds**

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† ()
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\$ _____ **Term Bonds**

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

SERIES B JUNIOR LIEN BONDS

\$ _____ **Serial Bonds**

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† ()
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\$ _____ **Term Bonds**

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

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

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

COUNTY OF EL DORADO, CALIFORNIA

Board of Supervisors

Ron Mikulaco, District No. 1
Shiva Frentzen, District No. 2
Brian Veerkamp, District No. 3
Michael Ranalli, District No. 4
Sue Novasel, District No. 5

County Officials

Karl Weiland, Assessor
Joe Harn, Auditor-Controller
C.L. Raffety, Treasurer-Tax Collector

County Staff

Don Ashton, Chief Administrative Officer
Michael Ciccozzi, County Counsel
Steve Pedretti, Director of Community Development Agency

SPECIAL SERVICES

Bond Counsel

Jones Hall, a Professional Law Corporation
San Francisco, California

Fiscal Agent

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

District Administrator

NBS Government Finance Group
Temecula, California

Appraiser

Seevers Jordan Ziegenmeyer
Rocklin, California

Special Tax Consultant

Economic & Planning Systems, Inc.
Sacramento, California

Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

Bond Insurance. [to come]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

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

OFFICIAL STATEMENT

\$ _____*
COUNTY OF EL DORADO
COMMUNITIES FACILITIES DISTRICT NO. 2005-1
(Blackstone)
2016 Series A SENIOR LIEN
SPECIAL TAX BONDS

\$ _____*
COUNTY OF EL DORADO
COMMUNITIES FACILITIES DISTRICT NO. 2005-1
(Blackstone)
2016 Series B JUNIOR LIEN
SPECIAL TAX BONDS

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**Bonds**”) to be issued by the County of El Dorado (the “**County**”) on behalf of the County of El Dorado Community Facilities District No. 2005-1 (Blackstone) (the “**District**”).

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

INTRODUCTION

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

Authority for Issuance of the Bonds. The Bonds are being issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, et seq., of the Government Code of the State of California) (the “**Act**”); two separate Fiscal Agent Agreements, each dated as of August 1, 2016 (the “**Senior Lien Fiscal Agent Agreement**” and the “**Junior Lien Fiscal Agent Agreement**,” and together, the “**Fiscal Agent Agreements**”), by and between the County and The Bank of New York Mellon Trust Company, N.A. (the “**Fiscal Agent**”); and Resolution No. _____ (the “**Resolution**”) adopted on _____, 2016 by the Board of Supervisors of the County (the “**Board of Supervisors**”). The authorized amount of bonds for the District was set in 2005 at a maximum of \$35,000,000, \$32,655,000 of which has been previously issued. Following the issuance of the Bonds which includes \$2,345,000 representing new money, no new money capacity will remain. Additional bonds limited only to refunding bonds are allowed to be issued in the future under the Fiscal Agent Agreements. See “THE BONDS – Additional Bonds.”

* Preliminary; subject to change.

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

Description of the Bonds. The Bonds will be issued in denominations of \$5,000 or any integral multiple of \$5,000. Interest is payable semiannually on each March 1 and September 1, commencing March 1, 2017. See “THE BONDS.”

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

Use of Proceeds. Proceeds of the Bonds will be used primarily to refund the outstanding County of El Dorado Community Facilities District No. 2005-1 (Blackstone) Special Tax Bonds Series 2005 issued on August 3, 2005 in the original principal amount of \$32,655,000 (the “Prior Bonds”). Proceeds of the Prior Bonds were primarily used to finance the costs of constructing certain public infrastructure improvements necessary for development of property within the District, and such proceeds have been expended for completed improvements. The Prior Bonds have an outstanding principal balance of \$28,920,000 as of June 1, 2016. New money proceeds of the Bonds will be used to finance water, recycled water and wastewater facility capacity charges of El Dorado Irrigation District relating to continued development of property within the District. Bond proceeds will also be used to establish debt service reserve funds and to pay costs of issuance. See “FINANCING PLAN.”

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

Formation of the District. The District was formed pursuant to Resolution No. 056-2005 adopted March 8, 2005 by the Board of Supervisors of the County, as legislative body of the District, under the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”) following a public hearing and landowner election at which the qualified electors of the District (being four developer entities) authorized the County to incur bonded indebtedness for the District in an amount not to exceed \$35,000,000 and approved the levy of special taxes according to a Rate and Method of Apportionment (described herein).

The District. The District encompasses the partially developed master planned community known as “Blackstone” located in the unincorporated community of El Dorado Hills in southwestern El Dorado County, California. The District is located south of U.S. Highway 50, approximately 23 miles east of Sacramento. The nearest city is Folsom, to the west. See “THE DISTRICT.”

Security and Sources of Payment for the Bonds. The Board of Supervisors annually levies special taxes on property in the District (the “Special Taxes”) in accordance with the Rate and Method of Apportionment for County of El Dorado Community Facilities District No. 2005-1 (Blackstone) (as amended, the “Rate and Method”), which is attached as APPENDIX B hereto.

The Senior Lien Bonds are secured by and payable from a first pledge of **“Special Tax Revenues.”** Special Tax Revenues are proceeds of the Special Taxes received by the County, including any scheduled payments thereof, interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said interest (but not including any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure). See “SECURITY FOR THE BONDS - Special Tax Methodology.”

The Junior Lien Bonds are secured by and payable from a first pledge of **“Surplus Special Tax Revenues.”** Surplus Special Tax Revenues are those Special Tax Revenues available for payment of the Junior Lien Bonds after meeting the obligations payable from Special Tax Revenues under the Senior Lien Fiscal Agent Agreement. See “SECURITY FOR THE BONDS - Special Tax Fund.”

The Senior Lien Bonds are sized so that the Maximum Annual Special Tax Revenues from homes completed as of June 1, 2016 would support approximately 100% of the Senior Lien Bonds debt service. (See the “Special Tax Levy by Land Use” table in “SPECIAL TAX REVENUE AND ESTIMATED VALUE OF PROPERTY IN THE DISTRICT - Special Tax Revenue” and the “2016 Senior Lien and Junior Lien Special Tax Bonds Debt Service Coverage” in “DEBT SERVICE SCHEDULES”).

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

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

Value Estimate of Property in the District. In connection with valuing property in the District, the County reports that the 2015-16 County assessed valuation (the **“Assessed Valuation”**) of the property in the District is \$363,129,665; including \$302,199,876 attributable to the 604 parcels with improvement value as of the January 1, 2015 lien date for the FY15-16 roll. In order to provide an alternate valuation of certain parcels in the District, the County ordered preparation of an appraisal report of the “not-less-than” estimated market value of all parcels without an improvement value on the FY15-16 assessment roll. In total, 862 parcels were appraised, consisting of 29 unimproved custom lots, 109 partially improved production lots, 407 finished production lots, 62 partially completed homes and 255 completed single-family homes not currently assessed for an improvement value on the 2015-16 County property tax roll as described herein under the caption “VALUE ESTIMATE OF PROPERTY WITHIN THE DISTRICT.” Based on the Assessed Valuation and the appraised valuation, the estimated Composite Value of property in the District is as follows:

	<u>Number of Planned Homes</u>	<u>Valuation</u>
Fiscal Year 2015-16 Assessed Value	604	\$302,109,876
Appraised Value	<u>862</u>	<u>261,270,000</u>
Total Composite Value	1,466	\$563,379,876

Based on an issuance of approximately \$28,000,000, the aggregate ratio of the estimated Total Composite Value to the principal amount of the Bonds is approximately [20:1]^{*} and to the principal amount of the Bonds plus overlapping debt is approximately [17:1]^{*}.

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

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

Risk Factors Associated with Purchasing the Bonds. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds. Ownership of the Junior Lien Bonds, in particular, is subject to a significant degree of risk that may not be appropriate for some investors. The Junior Lien Bonds are not rated by any national rating agency and will not be insured by any bond insurance provider.

Bond Insurance. The County has applied for bond insurance to guarantee the scheduled payment of principal and interest on the Senior Lien Bonds and, if a commitment is issued to insure the Senior Lien Bonds, will determine prior to the sale of the Bonds whether to obtain such insurance.

^{*} Preliminary; subject to change.

FINANCING PLAN

Refunding Plan

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

Proceeds of the Bonds will be used primarily to refund the outstanding County of El Dorado Community Facilities District No. 2005-1 (Blackstone) Special Tax Bonds Series 2005 issued on August 3, 2005 in the original principal amount of \$32,655,000 (the "**Prior Bonds**"). Proceeds of the Prior Bonds were used to finance a now completed portion of the Facilities. The Prior Bonds have an outstanding principal balance of \$28,920,000 as of June 1, 2016. Bond proceeds will also be used to provide funds for a reserve fund for the Senior Lien Bonds in the form of a debt service reserve insurance policy, establish a cash debt service reserve fund for the Junior Lien Bonds and to pay costs of issuance.

A portion of the proceeds of the Bonds will also be used to provide reimbursement to West Valley, LLC, the master developer of the project, for El Dorado Irrigation District ("EID") water, recycled water and wastewater facility capacity charges not reimbursed from the Prior Bonds. The Fiscal Agent will establish and maintain an "Acquisition and Construction Fund," into which fund amounts shall be deposited to be used for financing the acquisition and construction of the Facilities (or for making reimbursements to the County for such costs theretofore paid by it), including payment of costs incidental to or connected with financing such acquisition and construction, or for the repayment of funds advanced to or for the District.

The outstanding Prior Bonds will be redeemed in full on September 1, 2016 (the "**Redemption Date**"), at a redemption price equal to 100% of their principal amount, together with interest thereon to the Redemption Date. Upon delivery of the Bonds, the County will direct the fiscal agent for the Prior Bonds to utilize a portion of the proceeds of the Bonds to pay the principal of and interest on the Prior Bonds on the Redemption Date.

Estimated Sources and Uses of Funds

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

<u>Sources</u>	Senior Lien Bonds	Junior Lien Bonds	Total
Principal Amount of Bonds [Plus: Net Original Issue Premium] [Less: Net Original Issue Discount] [Plus: Funds Related to Prior Bonds]			
<i>Total Sources</i>			
<u>Uses</u>			
Refunding of Prior Bonds ^[1] Junior Lien Bonds Reserve Fund ^[2] Costs of Issuance ^[3] Acquisition and Construction Fund			
<i>Total Uses</i>			

[1] Will be used to prepay the Prior Bonds on September 1, 2016. See “–Refunding Plan” above.
 [2] Equals the Reserve Requirement on the date of delivery of the Junior Lien Bonds; the Senior Lien Bonds reserve is in the form of a reserve insurance policy. See “SECURITY FOR THE BONDS - Reserve Funds.”
 [3] Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, Fiscal Agent, Bond insurance premium, reserve surety premium, Special Tax Consultant, Rating Agency, and the costs of printing the preliminary and final Official Statement.

THE BONDS

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

Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreements, approved by a resolution adopted by the Board of Supervisors on _____, 2016, and the Act.

On March 8, 2005, the County Board of Supervisors adopted Resolution No. 056-2005 (the "**Resolution of Formation**"), which formed the District. At a special election in the District held on the same day, the District was authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$35,000,000. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District at a point during the 90-day period preceding the adoption of the Resolution of Formation, the qualified electors entitled to vote in the special election consisted of developer entities, who cast one vote for each gross acre or portion of an acre of land owned within the District. The landowners voted to incur the indebtedness and to approve the annual levy of Special Taxes to be collected within the District. See "THE DISTRICT" herein.

Description of the Bonds

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the Bonds.

Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's participants and indirect participants, as more fully described in APPENDIX F to this Official Statement.

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

The principal of, and any redemption premium due with respect to, the Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in San Francisco, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the Bonds. Interest on the Bonds, computed on the basis of a 360-day year consisting of twelve 30-day months, will be paid in lawful money of the United States of America semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2017.

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Dates by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the 15th day of the calendar month preceding the Interest Payment Date (the "**Record Date**"), or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable by the Fiscal Agent, to DTC. See "APPENDIX F – DTC and the Book-Entry Only System."

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the dated date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's participants and indirect participants, as more fully described herein. See "APPENDIX F – DTC and the Book-Entry Only System."

Redemption

Senior Lien Bonds - Optional Redemption. The Senior Lien Bonds maturing on or after September 1, 20__ are subject to redemption prior to their stated maturities, at the option of the County, from any source of available funds, other than prepayments of Special Taxes, in whole or in part among maturities and among the Senior Lien Bonds on a pro rata basis or as selected by the County and by lot within a maturity, on any Interest Payment Date on or after September 1, 20__, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest to the redemption date, without premium.

Senior Lien Bonds - Redemption From Prepayments of Special Tax. Senior Lien Bonds also subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part on a pro-rata basis according to principal among the Senior Lien Bonds, and among maturities therein, by lot within a maturity, on March 1, 20__ or on any Interest Payment Date thereafter, at the following respective redemption prices (expressed as percentages of the principal amount of the Senior Lien Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
On or after March 1, 20__ through March 1, 20__	___%
September 1, 20__ and March 1, 20__	___%
September 1, 20__ and March 1, 20__	___%
September 1, 20__ and thereafter	___%

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

\$ _____ Term Senior Lien Bond Maturing September 1, 20__

<u>Mandatory Redemption Date (September 1)</u>	<u>Sinking Fund Payment</u>
(Maturity)	\$ _____

Junior Lien Bonds - Optional Redemption. The Junior Lien Bonds maturing on or after September 1, 20__ are subject to redemption prior to their stated maturities, at the option of the County, from any source of available funds, other than prepayments of Special Taxes, in whole or in part among maturities and among the Junior Lien Bonds on a pro rata basis or as selected by the County and by lot within a maturity, on any Interest Payment Date on or after September 1, 20__, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest to the redemption date, without premium.

Junior Lien Bonds - Redemption From Prepayments of Special Tax. The Junior Lien Bonds are also subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part on a pro-rata basis according to principal among the Junior Lien Bonds, and among maturities therein, by lot within a maturity, on March 1, 20__ or on any Interest Payment Date thereafter, at the following respective redemption prices (expressed as percentages of the principal amount of the Junior Lien Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
On or after March 1, 20__ through March 1, 20__	___%
September 1, 20__ and March 1, 20__	___%
September 1, 20__ and March 1, 20__	___%
September 1, 20__ and thereafter	___%

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

\$ _____ Term Junior Lien Bond Maturing September 1, 20 _____

Mandatory Redemption Date (September 1)	Sinking Fund Payment
(Maturity)	\$

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

In lieu of redemption, moneys in the Redemption Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of their principal amount, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the MSRB, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such Bonds.

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

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

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

Whenever provision is made in the Fiscal Agent Agreements for the redemption of less than all of the Bonds of any maturity, the Fiscal Agent will select the Bonds to be redeemed, from all Bonds or such given portion thereof of such maturity by lot in any manner which the

Fiscal Agent in its sole discretion will deem appropriate. Upon surrender of Bonds redeemed in part only, the County will execute and the Fiscal Agent will authenticate and deliver to the registered Owner a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

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

Transfer or Exchange of Bonds

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "APPENDIX F – DTC and the Book-Entry Only System." Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond(s) will be surrendered for transfer or exchange, the County will execute and the Fiscal Agent will authenticate and deliver a new Bond(s), for a like aggregate principal amount of Bond(s) of authorized denominations and of the same maturity. The County will pay the cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

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

SECURITY FOR THE BONDS

General

Pursuant to the Act, the Rate and Method, the Resolution of Formation and the Fiscal Agent Agreements, the County will annually levy the Special Taxes within the District in an amount sufficient to pay the principal of and interest on the Bonds and, to the extent necessary, to replenish the reserve fund and pay other authorized costs.

The Senior Lien Bonds are secured by and payable from a first pledge of “**Special Tax Revenues.**” Special Tax Revenues are proceeds of the Special Taxes levied and received by the County within the District under the Act, including any scheduled payments thereof, and interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said interest, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

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

The Junior Lien Bonds are secured by and payable from a first pledge of “**Surplus Special Tax Revenues.**” Surplus Special Tax Revenues are those Special Tax Revenues available for payment of the Junior Lien Bonds after meeting the obligations payable from Special Tax Revenues under the Senior Lien Fiscal Agent Agreement. See “Special Tax Fund” below.

The Junior Lien Bonds are further secured by a first pledge of all moneys deposited in the Junior Lien Redemption Fund and the Junior Lien Reserve Fund, both of which are established for the Junior Lien Bonds under the Junior Lien Fiscal Agent Agreement. Furthermore, until disbursed as provided in the Senior Lien Fiscal Agent Agreement, the Junior Lien Bonds shall be secured by a pledge of all moneys in the Special Tax Fund, subordinate to the Senior Lien Bonds. The Surplus Special Tax Revenues and all moneys deposited into the Junior Lien Redemption Fund and the Junior Lien Reserve Fund are dedicated to the payment of the principal of, and interest and any premium on, the Junior Lien Bonds as provided in the Junior Lien Fiscal Agent Agreement and in the Act until all of the Junior Lien Bonds have been paid and retired or until moneys or Federal Securities (as defined in the Junior Lien Fiscal Agent Agreement) have been set aside irrevocably for that purpose.

Amounts to be transferred into the Administrative Expense Fund established under the Senior Lien Fiscal Agent Agreement are to be made on a subordinate basis to amounts

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

Special Taxes

The County has covenanted in the Fiscal Agent Agreements to comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes. The Fiscal Agent Agreements provide that the Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

Because the annual Special Tax levy is limited to the [Maximum Annual Special Tax] rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay the Bonds. In addition, Section 53321(d) of the Act provides that the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the Board of Supervisors through the application of the Rate and Method prepared by Economic & Planning Systems, Sacramento, California and set forth in APPENDIX B hereto for all taxable properties in the District. Interest and principal on the Bonds is payable from the annual Special Taxes to be levied and collected on Taxable Property within the District, from amounts held in the funds and accounts established under the Fiscal Agent Agreements (other than the Rebate Fund) and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

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

The amount of Special Taxes that may be levied in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates set forth as the annual "**Maximum Annual Special Tax**" in the Rate and Method. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreements and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreements, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the

Fiscal Agent Agreements. The Rate and Method apportions the Annual Costs (as defined in the Rate and Method and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Rate and Method. See “- Special Tax Methodology” below. See also “APPENDIX B - Rate and Method of Apportionment.”

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

Special Tax Methodology

The Special Tax authorized under the Act applicable to land within the District will be levied and collected according to the tax liability determined by the County through the application of the appropriate amount or rate as described in the Rate and Method set forth in “APPENDIX B - Rate and Method of Apportionment.”

Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Rate and Method. *The discussion below incorporates summaries of certain provisions of the Rate and Method, the complete text of which appears in APPENDIX B.*

Determination of Annual Costs. Each year, the County will determine the Annual Costs of the District for the upcoming fiscal year. The “**Annual Costs**” are defined in the Rate and Method to include: (i) debt service on the Bonds; (ii) administrative expenses; and (iii) amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year, and (iv) Pay-As-You-Go Expenditures, as defined in the Rate and Method.

Annual Costs are the basis for the amount of Special Tax to be levied within the District. In no event may the County levy a Special Tax in any year above the annual Maximum Annual Special Tax identified for each parcel in the Rate and Method.

Parcels Subject to the Special Tax. The County will cause to be taxed all parcels within the District except property which is exempt from the Special Tax pursuant to the Rate and Method. Taxable parcels that are acquired by a public agency after the District is formed will remain subject to the Special Tax unless a “trade” resulting in no loss of Special Tax revenue can be made, as described in the Rate and Method.

Maximum Annual Special Tax. The annual Special Tax will be calculated and levied to provide money for payment of Annual Costs of the District. In no event may the County levy a Special Tax in any year above the annual Maximum Annual Special Tax identified for each parcel under the Rate and Method.

The Special Tax has been levied each year since 2005-06. Annual Special Tax Revenues that are not needed for Annual Costs are available through the fiscal year 2019-20 levy on Developed Parcels (as defined in the Rate and Method) for Facilities to be constructed or acquired by the District on a pay as you go basis (the “**Pay-As-You-Go Expenditures**”). A

table showing the Maximum Annual Special Tax rates for the District projected for Fiscal Year 2016-17 is set forth below; the Maximum Annual Special Tax rate is increased 2% per year.

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TABLE 1
County of El Dorado
CFD No. 2005-1 (Blackstone)
Maximum Annual Special Tax Rates and Estimated Tax Capacity
Base Year and Fiscal Year 2016-17

<u>Property Type</u>	<u>Current Parcels⁽¹⁾</u>	<u>Expected Lots⁽²⁾</u>	<u>FY 2016-17 Max Annual Special Tax</u>	<u>FY 2016-17 Max Tax Revenues</u>	
			<i>Per Unit</i>		
Village 1	176	176	\$1,616	\$284,484	
Village 2	105	105	1,616	169,721	
Village 3	118	122	1,989	234,749	
Village 4	54	54	1,616	87,285	
Village 5A	104	111	1,989	220,823	
Village 5B	110	110	1,989	218,834	
Village 6	186	186	1,616	300,648	
Village 7	119	123	1,989	236,738	
Village 8	64	64	1,989	127,322	
Village 18	107	107	1,616	172,953	
Lot Y	93	93	1,989	185,014	
Lot Z	11	12	1,989	23,873	
			<i>Per Acre</i>		
	<i>Net Acres</i>				
Lot V	12.81	1	70	\$4,973	\$63,710
Lot W	11.83	72	72	6,217	73,546
Lot X	8.79	61	61	11,936	104,921
Total	1,381	1,466		\$504,621	

(1) Current active lots.

(2) Based on current estimates of planned development.

Source: NBS

Pay-As-You-Go Special Tax Component. The Special Tax will be levied in an amount at least equal to the Annual Costs as described in the Rate and Method and for Developed Parcels (as defined in the Rate and Method, residential parcels shown on a final subdivision map) will be levied in an amount up to the maximum rates through fiscal year 2019-20 to facilitate payment of Pay-As-You-Go Expenditures; as noted above, Special Tax revenues which are not needed for Annual Costs will be available, but only through fiscal year 2019-20, to pay for Pay-As-You-Go Expenditures.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay the Annual Costs. However, the Rate and Method provides that the Special Tax may not be levied on any parcel in the District after Fiscal Year 2039-40.

Prepayment of the Special Tax. The Rate and Method provides that landowners may permanently satisfy all or, upon the approval of the County, as the administrator of the Rate and Method, a portion of the Special Tax by a cash settlement with the County. The amount of the prepayment required is to be calculated according to a formula set forth in the Rate and Method, which is generally based on the Parcel's share of the outstanding Bonds, remaining facilities costs which have not been bonded, the Reserve Fund, fees, call premiums, negative arbitrage

and any expenses incurred by the County in connection with the prepayment and expected future facilities costs. To date there have been no prepayments.

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

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

Levy of Annual Special Tax; Maximum Annual Special Tax

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

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

The County has a Teeter Plan in effect with respect to the collection of the 1% base *ad valorem* property tax and with respect to general obligation bonds, but not with respect to special taxes or special assessments. The result is that the amount of the Special Tax that may be drawn upon by the District will be limited to actual collections credited to the Special Tax Fund (as defined herein) rather than amounts allocated to such fund in anticipation of collections as provided for with respect to Teeter Plan levies. See "THE DISTRICT - Special Tax Collection and Delinquency Rate" herein for a description of historic collections and delinquency rates within the District.

For information concerning limits on *ad valorem* property taxes and the existence of other public and private debt encumbering property within the District, see “THE DISTRICT - Direct and Overlapping Governmental Obligations.”

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

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

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

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

The Act provides the additional remedy of judicial foreclosure for delinquencies in the payment of a special tax for so long as debt secured by the special tax is outstanding. Pursuant to the Act, the Board may order the institution of a superior court action to foreclose the lien securing a delinquent special tax within four years after the due date of the last installment of the principal thereof. A judgment in such an action will include the amount of the delinquency for each parcel to be foreclosed, reasonable attorneys’ fees, interest, penalties, and other authorized charges and costs and will order the parcel to be sold on execution as in other cases of the sale of real property by process of the court. Such judicial foreclosure action is not mandatory. However, the Board has covenanted for the benefit of the owners of the Bonds that the County Auditor-Controller will review the County’s records in connection with the collection of the Special Tax not later than October 1 of each year to determine the amount of the Special Tax collected in the prior Fiscal Year. The County will, not later than the succeeding December 1, institute civil actions to foreclose the lien of the Special Tax against all parcels delinquent in the amount of \$1,000 or more (excluding penalties and interest) and thereafter will vigorously prosecute the same to completion. Pursuant to the Fiscal Agent Agreements, in the event that the total amount collected is less than 95% of the total amount of the Special Taxes levied in such Fiscal Year, the County will also, not later than the succeeding December 1, institute civil actions to foreclose the lien of the Special Tax against all delinquent parcels, and thereafter will

diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds (if the Reserve Funds have first been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the County of the proceeds of sale. There is no assurance that the Maximum Annual Special Tax, or that collections of the Special Tax at such Maximum Annual Special Tax rates, will be at all times sufficient to pay the amounts required to be paid by the Fiscal Agent Agreements. See “- Limitations on Increases in Special Tax Levy” and “SPECIAL RISK FACTORS - Maximum Annual Special Tax Rates.”

Prior to July 1, 1983, the right of redemption from foreclosure sale was limited to a period of one year from the date of sale. Under legislation effective July 1, 1983, the statutory right of redemption from foreclosure sale where there is no right to a deficiency judgment was repealed. However, for residential property of four or fewer units, a period of 120 days must elapse after the property is levied upon and before the notice of sale of such parcel can be given (for other property the 120 day period may be shortened to 20 days). Furthermore, if the purchaser at the sale is the judgment creditor, i.e. the County, an action may be commenced by the delinquent property owner within 90 days after the date of sale to set aside such sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made. If the purchaser at the sale is other than the judgment creditor, the sale cannot be set aside.

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

Reserve Funds

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

The Reserve Fund for the Senior Lien Bonds secures only the Senior Lien Bonds, and the Reserve Fund for the Junior Lien Bonds secures only the Junior Lien Bonds.

The County has applied for a reserve fund insurance policy and, if approved, the County will purchase on the date of issuance of the Bonds a Qualified Reserve Account Credit

Instrument in the form of a reserve fund insurance policy in the amount of the Reserve Requirement for the Senior Lien Bonds (\$_____). The Reserve Requirement for the Junior Lien Bonds (\$_____) will initially be met in cash generated from proceeds of the Junior Lien Bonds.

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

The County is required to maintain an amount of money or other security equal to the Reserve Requirement in each Reserve Fund at all times that the Bonds are outstanding. All amounts deposited in the Reserve Funds will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the respective Redemption Fund in the event of any deficiency at any time in such Redemption Fund of the amount then required for payment of the principal of, and interest on, the respective Series of Bonds. Whenever transfer is made from a Reserve Fund to the respective Redemption Fund due to a deficiency in the Redemption Fund, the Fiscal Agent will provide written notice thereof to the County.

Whenever, on any Interest Payment Date, the amount in the Reserve Funds exceeds the then applicable Reserve Requirement, the Fiscal Agent will transfer an amount equal to the excess from the respective Reserve Fund to the respective Redemption Fund, except that investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the Federal government to comply with rebate requirements.

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

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

Special Tax Fund

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

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

(i) to the Fiscal Agent for deposit in the Senior Lien Redemption Fund, (a) an amount necessary to pay any principal or interest on the Senior Lien Bonds not paid when due, together with additional interest at the interest rate of the Senior Lien Bonds to the expected date of payment from the date such payment was due, plus (b) an amount, taking into account any amounts then on deposit in the Senior Lien Redemption Fund for payment of the Senior Lien Bonds, such that the amount in the Senior Lien Redemption Fund equals the interest due on the Senior Lien Bonds on the next Interest Payment Date and 50% of the principal due during the Bond Year;

(ii) to the Fiscal Agent an amount, taking into account amounts then on deposit in the Senior Lien Bonds Reserve Fund, so that the amount in the Senior Lien Bonds Reserve Fund equals the Senior Lien Bonds Reserve Requirement;

(iii) to the Junior Lien Fiscal Agent for deposit in the Junior Lien Redemption Fund, (a) an amount necessary to pay any principal or interest on the Junior Lien Bonds not paid when due, together with additional interest at the interest rate of the Junior Lien Bonds to the expected date of payment from the date such payment was due, plus (b) an amount, taking into account any amounts then on deposit in the Junior Lien Bonds Fund for payment of the Junior Lien Bonds, such that the amount in the Junior Lien Redemption Fund equals the interest due on the Junior Lien Bonds on the next Interest Payment Date and 50% of the principal due on the Junior Lien Bonds during the Bond Year, and

(iv) to the Junior Lien Fiscal Agent for deposit in the Junior Lien Bonds Reserve Fund, an amount, taking into account amounts then on deposit in the Junior Lien Bonds Reserve Fund, so that the amount in the Junior Lien Bonds Reserve Fund equals the Reserve Requirement for the Junior Lien Bonds;

(v) provided any amounts needed for payment of the Senior Lien Bonds and the Junior Lien Bonds is sufficiently provided for, to the Administrative Expense Fund; and

(vi) after the foregoing disbursements, on September 1 of each year, any moneys remaining in the Special Tax Fund shall be transferred to the Community Facilities Fund and free of the pledge for payment of the Bonds.

Notwithstanding the foregoing, if the Senior Lien Bonds are insured, no Special Tax Revenues shall be used by the Fiscal Agent or the County for payment of principal or interest on

the Junior Lien Bonds prior to satisfaction of any obligations of the County to the insurer for moneys paid by the insurer under the insurance policy.

Redemption Fund

Senior Lien Redemption Fund. Moneys in the Senior Lien Redemption Fund established pursuant to the Senior Lien Fiscal Agent Agreement will be held by the Fiscal Agent for the benefit of the County and the Owners of the Senior Lien Bonds. At least 15 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Auditor-Controller in writing as to the principal and premium, if any, and interest due on the Senior Lien Bonds on the next Interest Payment Date. At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Redemption Fund are sufficient to pay the debt service due on the Senior Lien Bonds on the next Interest Payment Date.

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

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

Junior Lien Redemption Fund. Moneys in the Junior Lien Redemption Fund established pursuant to the Junior Lien Fiscal Agent Agreement will be held by the Fiscal Agent for the benefit of the County and the Owners of the Junior Lien Bonds. At least 15 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Auditor-Controller in writing as to the principal and premium, if any, and interest due on the Junior Lien Bonds on the next Interest Payment Date. At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Junior Lien Redemption Fund are sufficient to pay the debt service due on the Junior Lien Bonds on the next Interest Payment Date.

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

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

Any excess moneys remaining in the Redemption Fund following the disbursements above are to be transferred to the Senior Lien Fiscal Agent for deposit in the Redemption Fund established under the Senior Lien Fiscal Agent Agreement.

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

Community Facilities Fund

Pursuant to the Senior Lien Fiscal Agent Agreement, the County establishes a separate fund to be held by the Auditor-Controller, to be known as the "County of El Dorado Community Facilities District No. 2005-1 (Blackstone) Community Facilities Fund," which fund is held and maintained in trust by the County, and all money remaining in the Special Tax Fund on September 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of the Fiscal Agent Agreements, shall be deposited by the County in the Community Facilities Fund. All money in the Community Facilities Fund shall be used and withdrawn by the County for the payment of costs of the acquisition and construction of the Facilities or otherwise in any manner for the benefit of the District in accordance with and as permitted by the Act.

Deposit and Use of Proceeds of Bonds

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

Additional Bonds

The authorized amount of bonds for the District was set in 2005 at a maximum of \$35,000,000, \$32,655,000 of which has been previously issued. Following the issuance of the Bonds which includes \$2,345,000 representing new money, no new money capacity will remain. Additional bonds limited only to refunding bonds are allowed to be issued in the future under the Fiscal Agent Agreements. Additional Senior Lien Bonds may also be issued to refund Junior Lien Bonds to senior lien status payable on parity with the Senior Lien Bonds, subject to the condition that that the Fiscal Agent shall have received a certificate of the County's special tax consultant to the effect that (i) the proceeds that would be available to the County if the Special Tax were to be levied and collected at the Maximum Annual Special Tax rates on all Improved Parcels (defined in the Senior Lien Fiscal Agent Agreement as Taxable Parcels with improvement value on the County assessor roll) in the District based upon the Rate and Method are equal to at least 100% of Debt Service on all Outstanding Senior Lien Bonds in each Bond Year after the issuance of the Additional Bonds; (ii) that the proceeds that would be available to the County if the Special Tax were to be levied and collected at the Maximum Annual Special Tax rates and amounts on all Taxable Parcels in the District based upon the Rate and Method are equal to at least 110% of Debt Service on all Outstanding Senior Lien Bonds in each Bond Year after the issuance of the Additional Bonds; and (iii) with respect to the period of time preceding the receipt of proceeds of the Special Tax calculated in accordance with the Rate and Method, the proceeds of the Special Tax anticipated to be available to the County during such period plus other revenue, if any, legally available for payment of Debt Service on the Outstanding Senior Lien Bonds, identified in the Supplemental Fiscal Agent Agreement authorizing the issuance of the Additional Senior Lien Bonds, and as shown by a Certificate of the County on file with the Fiscal Agent, shall be equal to at least 100% of the Debt Service payable on all Outstanding Bonds during such period.

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BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to Appendix G for a specimen of the Bond Insurer's policy.

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DEBT SERVICE SCHEDULES

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

**TABLE 2
COUNTY OF EL DORADO
Community Facilities District No. 2005-1 (Blackstone)
2016 Senior Lien and Junior Lien Special Tax Bonds**

Year Ending (Sept. 1)	Senior Bonds Principal	Senior Bonds Interest	Senior Bonds Total	Junior Bonds Principal	Junior Bonds Interest	Junior Bonds Total	Grand Total
2016							
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
Total:							

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Source: The Underwriter.

TABLE 3
2016 Senior Lien and Junior Lien Special Tax Bonds Debt Service Coverage

Year Ending	Maximum Special Tax Revenues	Max Tax on Completed Homes	Senior Bonds Debt Service	Senior Coverage	Junior Bonds Debt Service	Total Bonds Debt Service	All-In Coverage
2017	\$2,488,706	\$1,432,854					
2018	2,538,480	1,461,511					
2019	2,589,250	1,490,741					
2020	2,641,035	1,520,556					
2021	2,693,855	1,550,967					
2022	2,747,733	1,581,987					
2023	2,802,687	1,613,627					
2024	2,858,741	1,645,899					
2025	2,915,916	1,678,817					
2026	2,974,234	1,712,393					
2027	3,033,719	1,746,641					
2028	3,094,393	1,781,574					
2029	3,156,281	1,817,206					
2030	3,219,407	1,853,550					
2031	3,283,795	1,890,621					
2032	3,349,471	1,928,433					
2033	3,416,460	1,967,002					
2034	3,484,789	2,006,342					
2035	3,554,485	2,046,469					

Source: NBS for Tax data, the Underwriter for debt service and coverage.



THE DISTRICT

The District was formed in 2005 to facilitate development of the master-planned residential community of approximately 990 acres known as “Blackstone” in the Valley View Specific Plan Area.

The District is planned for a total of approximately 1,466 single-family homes in 15 villages (currently 18 communities), along with public uses including an elementary school, parks, open space, drainage, and public right-of-way (roads, including landscaped corridors).

As of June 1, 2016, most of the major backbone infrastructure required for the development is complete. Over 817 single-family homes have been built, most of which have been sold to individual homeowners. Five of the villages including 8 communities are sold out. Six merchant builders are actively selling homes in 8 communities, one has recently completed subdivision improvements and the other is in the process of installing subdivision improvements. There are also a total of 29 larger unimproved lots that are generally located on ridge tops which could be sold as custom lots or developed by an existing production builder within the District. Homebuilders are actively marketing homes, as described herein. See “Completed and Anticipated Development” below.

All homeowners within Blackstone are members of the Blackstone Master Association and have access to The Club, an approximately 10,500 square foot private facility, as a part of their monthly membership dues. The Club includes 3 pools, a spa, a large workout/exercise facility, an aerobics room, locker rooms, massage room, children's play room with an outdoor play yard, a large multi-purpose gathering area with adjoining kitchen and a living room. Additional features include a tot playground, shady pavilions, courtyards, gazebos, fountains and an outdoor fireplace.] The Buckeye Union School District (“**BUSD**”) completed construction of Valley View Elementary School within the Blackstone community in May of 2013. The new elementary school is currently being utilized for BUSD offices until there are sufficient students to open the school.

Location of the District

The District is located in the “El Dorado Hills” area of the County within a portion of the Valley View Specific Plan area (described below), approximately 23 miles east of the central business district of Sacramento and about 85 miles northeast of San Francisco. This area is close to Sacramento County communities – especially the city of Folsom – and therefore “relates” significantly to the greater Sacramento area. US Highway 50 is the east/west travel artery serving Sacramento and the area; it continues eastward to Lake Tahoe (55 miles), Reno, Nevada, and points beyond. North/south traffic in the immediate area is carried by Latrobe Road, which becomes El Dorado Hills Boulevard north of Highway 50.

The El Dorado Hills population was estimated at about 42,000 at the 2010 census, based on an approximate 48 square mile area. Although primarily a residential community, the area includes a “Town Center” mixed-use project, located at the intersection of Highway 50 and El Dorado Hills Boulevard, which includes local and national retailers, cafés, restaurants and bars, movie theater, hotel, gourmet market, fitness club, day spa, luxury car dealership, professional and medical offices, public amphitheater, fountains and waterways, and broad public plazas on approximately 100 acres. Within the southeast quadrant of this interchange

there is a Ralph's Market, a CVS Drugs and numerous other retail stores and commercial outlets. Also east of Latrobe Road, along Town Center Boulevard, there has recently been extensive new construction of commercial and office facilities, fast food stores, and banks. The El Dorado Hills Business Park provides nearby space for businesses that employ about 6,000. Students in grades K-12 attend schools of the Buckeye Union, Rescue Union and El Dorado Union High school districts. A grade school which is a part of the Buckeye Union District has been completed within the District, however it is not yet open due to insufficient enrollment

The most prominent residential development in El Dorado Hills is the Serrano master-planned community, a 3,522-acre development that is designed around a country club and an 18-hole, Robert Trent Jones II designed championship golf course. The development is approved for 6,000 homes; over half of which have been built to date with additional development expected.

Valley View Specific Plan. The Valley View Specific Plan area comprises approximately 2,037 acres east of Latrobe Road and south of the Town Center commercial area in the southern part of the El Dorado Hills community. Valley View's regional location near Highway 50 at the foot of the Sierra foothills, places it within a major economic and transportation activity corridor, of the Sacramento region. The majority of the Valley View Specific Plan area occupies the eastern side of an open valley containing the El Dorado Hills Business Park, the Town Center, the Carson Creek Specific Plan area and an existing residential area commonly known as Springfield Meadows. The Valley View Specific Plan area includes three major components – White Rock Village, East Ridge Village and the largest, West Valley Village, which has been developed as the "Blackstone" master planned community described herein.

White Rock Village consists of 672 units in three completed multi-family rental projects: The Vineyards, a 344-unit affordable project; Mercy Housing a 168-unit affordable project; and Lessara, a 160-unit luxury rental project. East Ridge Village, the most remote residential area and lowest density of the three villages within the Valley View Specific Plan, is undeveloped but received approval on June 11, 2015 by the County of El Dorado Planning Commission of TM14-1521 for a Large-Lot Tentative Subdivision Map creating 66 large lots and a Small-Lot Tentative Subdivision Map creating 701 residential lots. A community facilities district was also formed by the County for East Ridge Village on October 20, 2015.

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Master Developer

The District was first developed by West Valley, LLC, the “**Master Developer**”, constructing backbone infrastructure, and marketing property to merchant builders. The Master Developer is a joint venture between AKT West Valley Investors, LLC, a California limited liability company and Lennar West Valley, LLC, a California limited liability company. AKT West Valley Investors, LLC is affiliated with AKT Development Corporation (“AKT”), a major Sacramento area land development firm that was started more than 40 years ago by Angelo K. Tsakopoulos, who is still active in the business. AKT has developed land projects on which have been built over 60,000 homes and 30 million square feet of office, commercial and industrial facilities. Lennar West Valley, LLC is affiliated with Lennar Communities and Lennar Corporation, a diversified real estate company headquartered in Miami, Florida and publicly traded on the New York Stock Exchange under the symbol LEN. AKT and Lennar have partnered on other projects in the past, with AKT typically finding land and securing entitlements, and Lennar designing the community, and marketing the villages (groups of lots) to merchant builders, while also acquiring a substantial portion of the lots for home development by one or more of its affiliated homebuilding entities. The Master Developer constructed all backbone infrastructure improvements required for development of the individual villages, including the facilities financed with proceeds of the Prior Bonds.

Completed and Anticipated Development

The Master Developer and, to a lesser extent, other owners of property in the District have provided the information set forth below regarding undeveloped property. No assurance can be given that all information is complete or that proposed development will occur as described herein. No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. Since the ownership of the parcels is subject to change, the development plans outlined herein may not be continued by a subsequent owner if the parcels are sold; however, development by any subsequent owner will be subject to the policies and requirements of the County, subject to the terms of the Development Agreement. The Special Taxes are not personal obligations of the owners and developers or of any subsequent landowners; the Bonds are secured solely by the Special Taxes. See “SECURITY FOR THE BONDS” and “SPECIAL RISK FACTORS” herein.

Zoning and Entitlements; Map Status. All Taxable Property within the District has obtained at least an approved Tentative Map for the 1,466 planned single family residential units, and all but 88 of those lots also have a recorded final subdivision map, as described below:

**El Dorado County
CFD No. 2005-1 (Blackstone)
Development Snapshot as of June 1, 2016**

<u>Village</u>	<u>Current Parcels</u>	<u>Planned Homes</u>	<u>Developer</u>	<u>Status</u>
1	176	176	Lennar	Built out
2	105	105	Centex/Lennar	Built out
3	114	114	Standard Pacific	Active sales
3C	4	8	AKT	Tentative map ⁽¹⁾
4	54	54	Meritage	Built out
5A	99	99	Lennar	Active sales
5B	110	110	Meritage	Active sales
5C	5	12	DiRe	Tentative map ⁽²⁾
6A/6C	114	114	K Hovanian	Active sales
6B	72	72	KB	Active sales
7	117	117	Lennar	Active sales
7A/C	2	6	AKT	Tentative map ⁽³⁾
8	64	64	Taylor Morrison	Built out
18	107	107	Lennar/Standard Pacific	Built out
Lot V	1	70	Lennar	Tentative map ⁽⁴⁾
Lot W	72	72	New Home	Active sales
Lot X	61	61	Lennar	Active sales
Lot Y	93	93	Lennar, AKT	Final map/tentative map ⁽⁵⁾
Lot Z	11	12	Lennar, AKT	Final map/tentative map ⁽⁵⁾
Total	1,381	1,466		

- (1) Village 3C (AKT) – A tentative map (TM10-1500) to create 8 single family lots from 4 existing final mapped lots was approved on 5/23/13; with the AB 116 extension of 2 years, it does not expire until 5/23/18.
- (2) Village 5C (DiRe) – A tentative map (TM10-1501) to create 12 single family lots from 5 existing final mapped lots was approved on 6/27/13; with the AB 116 extension of 2 years, it does not expire until 6/27/18.
- (3) Village 7A (sometimes referred to as Village 7C) (AKT) - A tentative map (TM10-1494) to create 6 single family lots from 2 existing final mapped lots was approved on 9/9/10; with the AB 116 extension of 2 years, it does not expire until 9/9/17.
- (4) Lot V (Lennar) – A tentative map (TM12-1507) to create 70 single family lots was approved on 5/8/14 and currently expires on 5/8/17. Subdivision improvements are currently underway and are expected to be completed, and a final map recorded, in the 2nd half of 2016.
- (5) Lot Y & Z (AKT) A tentative map (TM06-1409R) to create 3 single family lots on 2 large lot parcels that had previously been planned for 9 single family lots was approved on 11/13/14 as a revision to the original Tentative Map for all of Lot Y & Z; it expires on 12/11/17. All other parcels have an approved final map.

Infrastructure Improvements

Proceeds from the District Available for Acquisition of Authorized Facilities and Payment of Fees consisted of \$29,431,853 in Prior Bond Proceeds. These funds were used to construct a public library (\$1,836,809) and prepay Traffic Impact Mitigation Fees (\$18,635,785) which the County used to complete Latrobe Road and White Rock Road improvements. The balance of \$8,959,259, plus any interest that accrued was used to pay for El Dorado Irrigation District Water, Recycled Water and Wastewater facility capacity charges serving residential lots within the District. It is anticipated that new money proceeds generated from the Bonds will also be utilized to fund El Dorado Irrigation District Water, Recycled Water and Wastewater facility capacity charges.

The Master Developer reports that with the exception of the rough grading of a segment of Valley View Parkway that is required to be completed to allow the development of the three planned single family residential parcels in Lots Y & Z owned by AKT, all backbone infrastructure required for the full development of the Taxable Property within the District has been completed. The only remaining intract improvements remaining to be completed within the District consist of those for the remaining 39 lots in Village 6C owned by K. Hovnanian, which are expected to be completed in 2016; and intract and private driveway improvements for the planned 29 single family lots in Villages 3C (AKT), 5C (DiRe), 7C (AKT) and the three (3) lots owned by AKT in Lots Y & Z. Improvement plans and final maps for the twenty nine (29) lots are all in the process of being prepared. Depending upon the market, those lots are planned to either be sold to custom and/or merchant homebuilders to complete the intract improvements and construct either custom and/or production homes, or AKT will construct the necessary improvements and market custom lots for sale to individuals and/or custom builders. The three (3) lots in Y & Z will likely await the rough grading of Valley View Parkway by the developer of the adjacent East Ridge planned community to its east.

Neither the County nor the Underwriter make any assurance as to the financial or technical ability of any of the developers or owners of the remaining undeveloped property in the District to complete the remaining infrastructure.

Measure E Slow Growth Initiative on June 2016 Ballot. At the June 2016 general election, voters in the County passed Measure E, a growth-control initiative, which reversed a law, passed by voters in 2008 (Measure Y), that gave the County Board of Supervisors authority to authorize construction of new county roads for major residential developments that contribute to traffic congestion.

In 1998, the voters enacted the "Control Traffic Congestion Initiative" (Measure Y), which added five policies to the 1996 General Plan regarding traffic impact mitigation by new development. Those policies were scheduled to expire in 2008. The policies were placed on the ballot for amendment and renewal in 2008. The 2008 amendments included: (1) clarification that the prohibition against residential projects of five or more units causing or worsening Level of Service ("LOS") "F" applies only to single-family subdivisions; (2) a provision that a road may be allowed to operate at LOS F by a 4/5 vote of the Board of Supervisors; and (3) deletion of the prohibition against using county tax revenues to fund road projects to serve new development. The 2008 measure passed.

Measure E amended policies in the Traffic and Circulation Element of the El Dorado County General Plan. The amended policies will remain in effect indefinitely and can only be amended by voter approval. The measure rescinded the 2008 amendments and makes further amendments to the General Plan's policies regarding traffic impact mitigation by new development. It also amends Policy "TC-Xa" to require that road capacity improvements needed to prevent new development's cumulative traffic impacts from reaching LOS F be completed "before any form of discretionary approval can be given to a project." It also amended Policy "TC-Xf", which provided two methods for the County to mitigate traffic impacts: (1) condition the project to construct necessary road improvements or (2) ensure that the necessary road improvements are scheduled for construction within the County's Capital Improvement Program, which is primarily funded by impact fees collected with each building permit. The passage of Measure E eliminated the second option. The effect of these amendments is unclear, in large part because the amendment to Policy TC-Xa- requiring completion of necessary road improvements *before* project approval- appears to conflict with the part of Policy TC-Xf left

unchanged by the measure- allowing the County to approve a project so long as it conditions the project to construct the necessary road improvements.

The County and the Master Developer expect that the passage of Measure E will not impact further development in the District due to the fact that development has been approved by a Development Agreement, and the project has all discretionary approvals and the measure only applies to projects which require further discretionary approval.

Water Availability

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

According to EID’s 2015 Water Resources and Service Reliability Report dated August 10, 2015, its most recently adopted Water Resources and Service Reliability Report, water supply in El Dorado Hills is currently restricted by the infrastructure capacity of the El Dorado Hills Water Treatment Plant and other facilities. However, EID estimates that as of January 1, 2015, this infrastructure-constrained, available potable water supply is adequate to serve current and anticipated future demand, including the ability to serve an additional 4,088 Equivalent Dwelling Units (EDUs) in the El Dorado Hills supply area. Existing agreements commit a total of 3,579 EDUs of this available supply to specific uses in El Dorado Hills.

The Master Developer reports that all of the taxable property in the District consists of single family residential lots. All single family residential lots must obtain their Meter Award Letters from EID upon purchase of their water meters following completion of improvement plans for the lots, but no later than prior to approval and recordation of the associated small lot final subdivision map. Meter Award Letters represent EID's commitment to provide water service to a property. As such, the only taxable property within the District which does not yet have water meters and Meter Award Letters are those lots that do not yet have a final small lot subdivision map for the planned number of residential lots. In the District, this consists of the Lennar owned Lot V (70 planned single family lots); the AKT owned Village 3C (an additional 4 planned single family lots); the Di Re owned Village 5C (an additional 7 planned single family lots); the AKT owned Village 7C (an additional 4 planned single family lots); and the three planned single family lots within Lot Y & Z that are owned by AKT. These 88 planned single family lots have their needed allocation of 44 EDU's by virtue of an allocation associated with the property's prior participation in Assessment District No. 3 financing of certain improvements to provide water and sewer services to the El Dorado Hills service area of EID. While normally 1.0 EDU's is required per single family dwelling unit for water service, because Blackstone

agreed to dual plumb all of its residential units with both potable water and recycled water, only 0.5 EDU's is required for water service per single family lot.

California is currently recovering from drought conditions. In January 2014, with California facing water shortfalls in the then-driest year in recorded state history, the State governor proclaimed a State of Emergency and directed State officials to take all necessary actions to prepare for these drought conditions. On April 1, 2015, for the first time in State history, the Governor of California directed the State Water Resources Control Board ("SWRCB") to implement mandatory water reductions in cities and towns across California to reduce water usage by 25 percent. In addition, the proclamation gave State water officials more flexibility to manage supply throughout California under drought conditions. "On May 17, 2016, the SWRCB rescinded these mandatory water reductions due to an improved water supply outlook. The SWRCB also granted individual water suppliers like EID broad control over future conservation orders. Notwithstanding the drought, water supply infrastructure, rather than water supply itself, is expected to be the limiting factor for new development in the El Dorado Hills area of western El Dorado County in coming years. See "SPECIAL RISK FACTORS - California Drought; State of Emergency Proclamation."

Seismic Zone. According to the Seismic Safety Commission, the property in the District is located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is not located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology. The nearest mapped active fault to the site is the Dunnigan Hills fault located about 38 miles to the west-northwest.

Flood Zone. According to the Federal Emergency Management Agency's flood insurance rate maps, all of the property lies in Zone X, defined by FEMA as an area determined to be outside of the 100-year and the 500-year flood plain.

Local Asbestos Circumstance. There exists in western portions of the County serpentine bedrock which can contain a natural form or forms of asbestos. Disturbance of the serpentine bedrock during development could release asbestos into the air. In response to this potential for release of asbestos into the air, the County and others are implementing construction control measures to be applied whenever development occurs within serpentine bedrock. Those measures require sites to be kept wet and machinery to be kept dust free during periods of exposure and work in serpentine bedrock. In 2004, the Master Developer caused a study to be conducted to gather information regarding the potential presence of naturally occurring asbestos within the then-proposed improvement area of the District. Additionally, in May 2000, the California Department of Conservation's California Geological Survey (CGS) released a map showing areas where naturally occurring asbestos is more likely to be found in Western El Dorado County, which indicated property in the District to be located in an area with a lower probability of asbestos than certain other areas.

The Master Developer has indicated that it is aware of a couple of instances of encountering either serpentine bedrock or naturally occurring asbestos ("NOA") within the District, and that it is their understanding that the County's procedures for addressing such encounters were followed and that they were not aware of any further requirements or issues related to those encounters. The Master Developer provides buyers with a disclosure regarding

NOA and sale agreements to homeowners also include such disclosure. See also “SPECIAL RISK FACTORS – “Naturally Occuring Asbestos.”

Utilities and Services. Public utilities, including electricity, natural gas, water and telephone service, are available to property in the District. The Master Developer does not expect development of property in the District to be delayed by water issues. See “Water Availability” below. The following are service providers for the District:

- Fire: El Dorado Hills County Water District (El Dorado Hills Fire District)
- Police: El Dorado County Sheriff’s Department
- Elementary: Rescue Union School District/Buckeye Union School District
- Intermediate: Rescue Union School District/Buckeye Union School District
- High School: El Dorado Union High School District
- Recreation and Parks: El Dorado Hills Community S District
- Water and Sewer: El Dorado Irrigation District
- Electricity and Gas: Pacific Gas & Electric
- Telephone: Pacific Bell

Completed Development

Home sales began in the District in 2007. As of the January 1, 2015 lien date for the FY15-16 assessment roll, 604 homes had been completed, the majority of which had sold to individual homeowners. Villages 1, 2, 4, 8, and 18 had been built out with all but 8 home sales to individuals recognized on the tax roll. The FY15-16 Assessed Values for these completed homes range from \$71,541 to \$880,016, with a median value of \$500,324.

Since then, an additional 255 single-family homes have been completed; according to the Appraiser, at least 92 of these completed homes were sold to homeowners while the remaining 163 homes were either also sold to individuals or held in developer inventory.

Production Finished or Partially Improved Lots. In addition to completed homes, the District includes, as of June 1, 2016, 29 unimproved custom lots, 109 partially improved production lots, 407 finished production lots, and 62 partially completed homes.

<u>Village</u>	<u>Planned Homes</u>	<u>Merchant Builder</u>	<u>Product</u>	<u>Homes under construction</u>	<u>Finished Lots</u>	<u>Partially Improved Lots</u>
3	114	Standard Pacific	Laurelton	8	56	
5A	99	Lennar	The Ridge	7	48	
5B	110	Meritage	Solstice	9	21	
6A/6C	114	K Hovanian	The Estates	13	22	39
6B	72	KB	Fiora	5	26	
7	117	Lennar	St. Laurent, Summit	2	62	
Lot W	72	New Home	the Chapparal	4	56	
Lot X	61	Lennar	the Palisades	14	14	
Total	759			62	305	39

Source: Seevers Jordan Ziegenmeyer

Lennar Homes. Property in the District owned by Lennar Homes of CA, Inc. is being developed by a wholly-owned subsidiary of Lennar Corporation, a Delaware corporation (“Lennar Corporation”). Lennar Corporation is a diversified real estate company headquartered in Miami, Florida and publicly traded on the New York Stock Exchange under the symbol LEN. It has two classes of stock: Class A common stock which is entitled to one vote per share; and

Class B common stock, which is entitled to ten votes per share. Stuart Miller, the President and Chief Executive Officer, has voting control, through family owned entities and personal holdings of Class A and Class B common stock. This entitles Mr. Miller to approximately 48% of the combined votes that can be cast by the holders of their outstanding Class A and Class B common stock combined. Lennar Corporation started as a Dade County, Florida homebuilder in 1954 and currently reports that it is one of the largest homebuilders in the United States with operations in Arizona, California, Colorado, Florida, Illinois, Maryland, Minnesota, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia, West Virginia, and Wisconsin. 2015 marked the eighteenth year Lennar Corporation has operated in the Sacramento Area. Lennar Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such files can also be accessed over the Internet at the SEC's website at www.sec.gov. Copies of such material can be obtained from the public reference section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the office of the NYSE at 20 Broad Street, New York, New York 10005. Additionally, Lennar Corporation provides investor relations information on its website.

For further information on the Lennar Corporation, see its Internet homepage located at www.lennar.com. The website address is given for reference and convenience only, and the information on the website may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on this website is a part of this Official Statement or incorporated into this Official Statement by reference and no representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.

K. Hovnanian Homes. K. Hovnanian Homes is a subsidiary of Hovnanian Enterprises Inc., a publicly owned company whose stock is listed on the New York Stock Exchange (NYSE:HOV). Its annual and quarterly filings are available on the internet at www.sec.gov. Information on K. Hovnanian Homes, including current home offerings, is available on the internet from its website at www.khov.com. The website address is given for reference and convenience only, the information on the websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference

Standard Pacific Homes. Standard Pacific Homes is a publicly owned company whose stock is listed on the New York Stock Exchange (NYSE:SPF). Its annual and quarterly filings are available on the internet at www.sec.gov. Information on Standard Pacific Homes, including current home offerings, is available on the internet from its website at www.standardpacifichomes.com. The website address is given for reference and convenience only, the information on the websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

The New Home Company. The New Home Company is a publicly owned company whose stock is listed on the New York Stock Exchange (NYSE:NWHM). Its annual and quarterly filings are available on the internet at www.sec.gov. Information on The New Home Company, including current home offerings, is available on the internet from its website at www.nwhm.com. The website address is given for reference and convenience only, the

information on the websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

KB Home. KB Home is a publicly owned company whose stock is listed on the New York Stock Exchange (NYSE:KBH). Its annual and quarterly filings are available on the internet at www.sec.gov. Information on KB Home, including current home offerings, is available on the internet from its website at www.kbhome.com. The website address is given for reference and convenience only, the information on the websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

Meritage Homes. Meritage Homes is a publicly owned company whose stock is listed on the New York Stock Exchange (NYSE:MTH). Its annual and quarterly filings are available on the internet at www.sec.gov. Information on Meritage Homes, including current home offerings, is available on the internet from its website at www.meritagehomes.com. The website address is given for reference and convenience only, the information on the websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

Undeveloped Parcels. All the appraised improved single-family residential homes and lots (724 in total) have final maps in place. Additionally, 39 partially improved lots owned by K. Hovanian (Village 6C) have a final map in place. The remaining 70 partially improved lots are contained within APN 118-140-61, which represents a 10.075-acre parcel with a tentative map for 70 single-family residential lots. The final map is expected to record by the second half of 2016, according to a representative of the Master Developer. There are also 29 custom home lots with approved tentative maps, as shown in the table above. These are further described as follows:

AKT (17 Unimproved Parcels). The following parcels are owned by AKT; improvement plans are expected to be completed by Fall 2016, and the final map is expected to be recorded by late 2016/early 2017. *APNs 118-370-01 and -02:* currently configured as two Assessor's parcels with an approved tentative map for six custom residential lots was approved in September 2010 and expires in September 2017; *APNs 118-440-30 through -33:* currently configured as four lots, with an approved tentative map for eight single-family residential lots was approved in May 2013 and expires in May 2018; *APNs 118-570-02 and -03:* at one time tentatively mapped for nine separate single-family lots, but the current tentative map (approved December 2008, expiring December 2017) subdivides the parcels into three single-family lots.

Danny and Sheralyn Di Re (12 Unimproved Parcels). *APNs 118-480-01, -02; 118-490-01, -02, -03:* Danny and Sheralyn Di Re, who are investors that purchased the parcels from AKT and currently have no plans to develop the lots themselves and are expected to sell the lots to a developer in the future. The parcels have a tentative map subdividing the parcels into 12 custom lots that was approved in June 2013, and expires in June 2018. Improvement plans are expected by Fall 2016, with final map recordation by late 2016/early 2017.

Each approved tentative map, including the conditions that must be met before a final map can be recorded, is a matter of public record and can be examined by contacting the Planning Director, County of El Dorado, 2850 Fairlane Court, Placerville, California 95667, telephone: (530) 621-5355.

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

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SPECIAL TAX REVENUE AND ESTIMATED VALUE OF PROPERTY IN THE DISTRICT

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

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

Assessed Valuation

In connection with valuing property in the District, the County has obtained the 2015-16 County assessed valuation (the “**Assessed Valuation**”) of the property in the District. In addition, to comply with internal policies and in order to provide a more accurate valuation of certain parcels in the District, the County ordered an appraisal of such parcels.

The “full cash” assessed values of all of the taxable parcels in the District has been established by the County Assessor for fiscal year 2015-16 in the amount of \$363,129,665.

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

TABLE 5
El Dorado County
CFD No. 2005-1 (Blackstone)
History of Aggregate Assessed Valuations
Fiscal Year 2007-08 through 2015-16

<u>Fiscal Year</u>	<u>Total</u>	<u>% Change</u>
2007-08	\$83,287,685	--
2008-09	180,157,706	116%
2009-10	192,859,717	7
2010-11	118,546,182	(39)
2011-12	123,859,056	4
2012-13	135,416,397	9
2013-14	175,714,750	30
2014-15	259,615,002	48
2015-16	363,129,665	40

Source: NBS

Due to the recent and ongoing nature of development of homes in the District, the County assessed valuations are not in all cases reflective of the most current development status, as is the case with certain properties in the District. As provided by Article XIII A of the California Constitution, property is assessed at the lower of the market value as of the date the property was last assessed (or 1975, which ever is more recent), increased by a maximum of 2% per year, or the current market value as of the annual lien date. The assessed values of parcels in the District thus reflect, for undeveloped parcels, the estimate of the County Assessor (the "**Assessor**") of market value when acquired (or 1975, whichever is later), possibly increased by 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, possibly increased by 2% per year. The actual market value of parcels in the District, if sold at foreclosure, may be higher or lower than the Assessor's assessed values, depending upon the date of the Assessor's most recent assessment. The actual fair market value of any parcel can often be more accurately established through an arms-length sale or an appraisal by an independent appraiser.

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

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

Appraisal of Certain Parcels

The County ordered preparation of an appraisal report of the “not-less-than” estimated market value of all parcels without an improvement value for the fiscal year 2015-16 Assessment Roll. The Appraised Property includes 862 parcels in the District, consisting of 29 unimproved custom lots, 109 partially improved production lots, 407 finished production lots, 62 partially completed homes and 255 completed single-family homes not currently assessed for an improvement value on the 2015-16 County property tax roll (the “**Appraisal**”). The Appraisal was prepared by Seevers Jordan Ziegenmeyer, Sacramento, California (the “**Appraiser**”). The description herein of the Appraisal is intended for limited purposes only; a copy of the Appraisal is available from the County upon request, and is also attached hereto in its entirety as APPENDIX C. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications which are set forth in the Appraisal.

A summary of the appraised value of the appraised parcels, broken out by ownership and development status, as of _____ date is as follows:

Owner	Custom Lots	Partially Improved Lots	Finished Lots	Partially Completed Homes	Completed Homes	Total	Appraised Value (as of May 11, 2016)
Individual Homeowners	--	--	--	--	92	92	\$55,930,000
Lennar	--	70	226	23	83	402	101,180,000
Standard Pacific Homes	--	--	56	8	19	83	28,490,000
K. Hovarian Homes	--	39	22	13	18	92	25,600,000
KB Home	--	--	26	5	16	47	15,030,000
Meritage Homes	--	--	21	9	15	45	17,480,000
The New Home Company	--	--	56	4	12	72	16,000,000
AKT	17	--	--	--	--	17	1,010,000
Danny and Sheralyn Di Re	12	--	--	--	--	12	550,000
Totals	29	109	407	62	255	862	\$261,270,000

The Appraiser's opinion that the cumulative, or aggregate, value of the fee simple interest in the appraised properties, in accordance with the assumptions and conditions set forth in the Appraisal, is no less than \$261,270,000. This estimated value represents a “not-less-than” value due to the fact that the Appraiser was requested to provide a market value of the smallest floor plan (by project) on each of the 255 completed single-family homes not currently assessed for an improvement value on the 2015-16 County property tax roll.

The aggregate value *is not* the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the “total of multiple market value conclusions.” For purposes of the Appraisal, market value was estimated by ownership. The estimates of market value account for the impact of the lien of the Special Taxes securing the bonds. The estimates of market value, by ownership, estimated in the Appraisal specifically assume the appraised properties are not marketed concurrently, which would suggest a market under duress. The market value of the appraised properties by ownership and Assessor’s parcel can be found in the appendix to the Appraisal. See APPENDIX C.

Additional details on each owner’s ownership of appraised properties can be found in APPENDIX C – THE APPRAISAL.

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

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

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

There were no hypothetical conditions upon which the estimates of value were based. However, the Appraisal is based upon a number of standard and extraordinary assumptions, which affect the estimates as to value of the appraised parcels, some of which include the following. See "APPENDIX C – The Appraisal" for a complete list of the assumptions used by the Appraiser.

- The Appraiser assumed that there are no adverse soil conditions, toxic substances or other environmental hazards that may interfere or inhibit development of the appraised parcels. If, at some future date, items are discovered that are determined to have a detrimental impact on value, the Appraiser reserves the right to amend the opinion of value stated in the Appraisal.
- The aggregate value presented in the Appraisal is not the market value in bulk of the entire subject property. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is "the total of multiple market value conclusions." For purpose of the Appraisal, market value has been estimated by the individual ownerships only.
- The Appraiser has also assumed that there is no hazardous material on or in the property that would cause a loss in value. The value estimated is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed by the Appraiser for such conditions or for any expertise or engineering knowledge required to discover them. Investors are urged to retain an expert in this field, if desired.
- Site cost and permits and fees estimates were provided to the Appraiser by a representative of the Master Developer, Mr. Ryan Fong (River Rock Development Company), who in turn procured the figures from the respective individual developers, where possible. The Appraiser assumed the cost/fee estimates are accurate and complete, and relied upon them in the analysis contained in the Appraisal. Potential investors should note there were a few components within the appraised properties for which the Appraiser was unable to obtain site cost estimates and/or permits and fees information. However, the Appraiser was able to estimate these figures based upon its knowledge of other costs/fees within Blackstone. Any deviation of actual costs from the

estimates inputted in the Appraisal could materially affect the conclusion(s) of value contained therein.

- The Appraiser assumed that all remaining lots within the appraised properties have allocated water rights from the El Dorado Irrigation District (EID), as was represented by the development group. Any deviation from this assumption could materially affect the conclusion(s) of value contained therein.

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

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Special Tax Revenue

The following table summarizes the allocation of the fiscal year 2016-17 Maximum Special Tax levy by development status in the District:

TABLE 6
Community Facilities District No. 2005-1 (Blackstone)
Maximum Special Tax Levy by Land Use

<u>Special Tax Category</u>	<u>Lots⁽²⁾</u>	<u>Expected Lots⁽³⁾</u>	<u>Composite Values Total⁽⁴⁾</u>	<u>FY15-16</u>	
				<u>Tax Levy</u>	<u>% of Levy</u>
Completed homes as of June 1, 2016⁽¹⁾	817	817	\$428,807,319	\$1,404,759	62.6%
Single Family Lots Under Development					
Village 6 - K Hovnanian Blackstone Ca	74	74	16,060,000	117,266	5.2
Village 6 - KB Homes Sacramento Inc	38	38	10,395,000	60,218	2.7
Village 5A, 7, X, Y and Z - Lennar Homes of Ca Inc Ca	277	277	62,033,182	439,414	19.6
Village 5B - Meritage Homes of Ca Inc	30	30	7,880,000	58,511	2.6
Lot W - New Home Co Nor Ca A De LL	72	72	16,000,000	12,710	0.6
Village 3 - Standard Pacific A De Corp	59	59	15,229,375	115,072	5.1
Unimproved Custom Lots					
Lot Y and Z - AKT West Villy Investors Ca	2	3	208,619	4,126	0.2
Village 3 and 7 - AKT West Villy Investors Ca	6	14	801,381	11,702	0.5
Village 5A - Di Re Danny D & Seralyn	5	12	550,000	9,752	0.4
Undeveloped Parcels					
Lot V - Lennar Homes	1	70	6,570,000	11,010	0.5
Total	1,381	1,466	\$564,534,876	\$2,244,540	100.00%

(1) Developed with completed homes. All parcels with a structure value of \$40,000 or more are considered complete.

(2) Current active lots.

(3) Lots expected at buildout.

(4) Values based on a combination of 2015-16 secured roll assessed values and May 2016 appraisal values.

Source: NBS

Special Tax Collection and Delinquency Rate

The County reports (as of May 1, 2016) that for fiscal year 2015-16, there are parcels delinquent on the 2014-15 Special Taxes, owing a total of \$1,553.62, or 0.07% of the annual total of \$2,211,118. The table below shows the annual Special Tax levies and current delinquencies for the past four years, with 2015-16 collections reflected as of May 1, 2016.

**TABLE 7
County of El Dorado
Community Facilities District No. 2005-1 (Blackstone)
Special Tax Levy & Delinquencies**

Fiscal Year	Total Special Tax Levy	Amounts Delinquent			
		At Fiscal Year End		As of May 1, 2016	
		In \$	As %	In \$	As %
2011-12	\$2,081,905	\$1,464	0.07%	\$ 0	0.00%
2012-13	2,121,188	0	0.00	0	0.00
2013-14	2,162,937	3,984	0.18	1,523	0.07
2014-15	2,211,118	1,554	0.07	1,554	0.07
2015-16	2,244,541	N/A	N/A	17,249	0.77

Source: NBS

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

Value to Special Tax Burden Ratios

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

The Special Tax is levied on each parcel within the Districts and only the respective individual parcel is responsible for such Special Tax.

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

The following tables summarize the value-to-debt burden of property in the District against the Bonds, based on the fiscal year 2015-16 assessed valuations.

TABLE 8
El Dorado County
Community Facilities District No. 2005-1 (Blackstone)
Top Property Owners by Levy Amount

FY 15-16 Assessed Value

Owner	Lots⁽¹⁾	Land Value	Structure Value	Total Assessed Value⁽¹⁾	Appraised Value	Composite Value⁽²⁾	FY15-16 Tax Levy	% of Tax Levy
Lennar Homes of Ca Inc Ca	333	\$25,061,916	\$ --	\$25,061,916	\$102,335,000	\$102,335,000	\$557,695	25%
Standard Pacific A De Corp	91	6,992,809	3,480,962	10,473,771	28,490,000	32,585,714	177,485	8
K Hovnanian Blackstone Ca	92	13,014,637	--	13,014,637	25,600,000	25,600,000	145,791	6
Meritage Homes of Ca Inc	49	1,009,646	1,667,259	2,676,905	17,480,000	9,206,413	95,569	4
KB Homes Sacramento Inc	51	5,482,855	1,595,000	7,077,855	15,030,000	17,068,536	80,819	4
AKT West Vllly Investors Ca	8	435,157	--	435,157	1,010,000	1,010,000	15,828	1
New Home Co Nor Ca A De LL	72	533,001	--	533,001	16,000,000	16,000,000	12,710	1
Di Re Danny D & Sheralyn	5	378,421	--	378,421	550,000	550,000	9,752	--
HCA Model Fund 2014 6 West	4	600,000	1,489,700	2,089,700	--	2,089,700	6,339	--
Day Star Associates A Mt	2	290,000	671,171	961,171	--	961,171	3,169	--
All Others	674	92,295,409	208,131,722	300,427,131	55,930,000	347,128,342	1,139,386	51
Total	1,381	\$146,093,851	\$217,035,814	\$363,129,665	\$262,425,000	\$564,534,876	\$2,244,541	100%

(1) Current active lots.

(2) Values based on a combination of 2015-16 secured roll assessed values and May 2016 appraisal values.

Source: NBS

TABLE 9
El Dorado County
Community Facilities District No. 2005-1 (Blackstone)
Value to Bonded Debt Categories

<u>Value-to-Debt Category</u>	<u>Lots⁽¹⁾</u>	<u>Expected Units</u>	<u>Composite Value Total</u>	<u>Allocated Bond Share⁽²⁾</u>	<u>Anticipated FY16-17 Special Tax Levy</u>	<u>Percent of Levy</u>
25:1 and Greater	149	234	\$51,530,717	\$975,617	\$68,800	3.0%
Equal to or greater than 10:1 – less than 25:1	781	781	416,530,460	19,387,753	1,367,205	59.7
Equal to or greater than 5:1 – less than 10:1	433	433	94,705,045	11,606,919	818,508	35.8
Equal to or greater than 3:1 – less than 5:1	14	14	1,510,016	387,622	27,335	1.2
Equal to or greater than 2:1 – less than 3:1	2	2	148,327	51,132	3,606	0.2
Equal to or greater than 1:1 - less than 2:1	2	2	110,312	56,421	3,979	0.2
Less than 1:1	--	--	--	--	--	--
Total	1,381	1,466	\$564,534,877	\$32,465,463	\$2,289,432	100.0%

(1) Current active lots

(2) Par Amount plus overlapping debt.

Source: NBS

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Other public agencies whose boundaries overlap those of the District could, without the consent of the County and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The purpose would be to finance additional regional or local public improvements or services. The lien created on the land within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by the Current Developer or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be in a junior position to the lien of the Special Tax.

Direct and Overlapping Governmental Obligations

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

There can be no assurance that the property owners within the District will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities, however no other special districts are currently contemplated by the County or the Current Developer.

Private liens, such as deeds of trust securing loans obtained by a property owner, may be placed upon property in the District at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

Overlapping Debt Statement. Contained within the boundaries of the District are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the District as of May 13 2016, is shown in the table below, a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. Neither the County nor the Underwriter has reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the percentage of the assessed valuation of the overlapping

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

TABLE 10
County of El Dorado
Community Facilities District No. 2005-1(Blackstone)
Direct and Overlapping Governmental Obligations
As of May 13, 2016

EL DORADO COUNTY COMMUNITY FACILITIES DISTRICT NO. 2005-1

2015-16 Local Secured Assessed Valuation: \$360,093,449 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/16</u>
Los Rios Community College District	0.220%	\$770,820
El Dorado Union High School District	1.865	1,271,128
Buckeye Union School District	5.575	1,465,035
El Dorado Irrigation District	2.759	38,481
El Dorado County Community Facilities District No. 2005-1	100.000	28,920,000⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$32,465,464
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Rios Community College District Certificates of Participation	0.220%	\$2,615
El Dorado Union High School District Certificates of Participation	1.865	137,630
Buckeye Union School District Certificates of Participation	5.575	1,358,836
TOTAL OVERLAPPING GENERAL FUND DEBT		\$1,499,081
COMBINED TOTAL DEBT		\$33,964,545⁽²⁾

Ratios to 2015-16 Assessed Valuation:

Direct Debt (\$28,920,000)	8.03%
Total Direct and Overlapping Tax and Assessment Debt ...	9.02%
Combined Total Debt	9.43%

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

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

Source: California Municipal Statistics, Inc.

Estimated Tax Burden on Single Family Home

Based on average home fiscal year 2015-16 assessed valuation of \$520,500, the County's District Administrator has estimated that the overall tax burden is estimated to be approximately 1.60% in fiscal year 2016-17, as shown below.

TABLE 11
EI Dorado County
CFD No. 2005-1 (Blackstone)
Illustrative Tax Burden for Single-Family Residential Parcel*
(Fiscal Year 2016-17 Estimate)
Anticipated FY 16-17 Amount

Basic Prop 13 Property Taxes	\$5,205
GO Overrides	<u>282</u>
Total General Tax	\$5,487
Blackstone Special Taxes	\$1,616 ⁽¹⁾
Other Taxes and Fees	<u>1,242</u>
Total Taxes and Charges	\$8,345
Assessed Value:	\$520,500
Total Taxes as % of AV	1.60%

(1) The anticipated Special Tax for FY 16-17 has been included to provide a conservative tax burden estimate.

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

Source: NBS

SPECIAL RISK FACTORS

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

Concentration of Property Ownership

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

Although the only asset of any owner of real property subject to the Special Tax securing the Bonds is such real property, the overall financial condition of the owner may affect the owner's willingness or ability to pay the Special Tax when due.

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

Failure or Inability to Complete Proposed Development on a Timely Basis

A major risk to the Bondholders is that the Development may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the property owners to pay Special Taxes when due. For example, proposed development within the District may be adversely affected by economic conditions, an inability of the Master Developer, other developers or future owners of the parcels to obtain financing, fluctuations in the real estate market or interest rates, unexpected increases in development costs, changes in federal, state or local governmental policies relating to the ownership of real estate, water allocation related issues, or the appearance of previously unknown environmental impacts necessitating preparation of a supplemental environmental impact report, and by other similar factors. Moreover, the Master Developer must comply with certain conditions, including the provision of required infrastructure and water, prior to being able to record the final maps creating the ultimate residential or village lots as more fully described herein under "THE DISTRICT."

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

Disclosures to Future Purchasers

The District has recorded a Notice of Special Tax Lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a parcel of land, a home or a commercial or retail facility in the District or the lending of money thereon. The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Future Land Use Regulations

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

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

It is also possible that future federal or state regulations, or regulations of other public agencies having jurisdiction over an aspect of the Development, could be applicable to the Development and could negatively affect the ability to complete the proposed Development. For example, EID could impose a water moratorium or new restrictions on the number of water allocations granted each year. In addition, it is the County's understanding that any further use of Folsom Reservoir for water supplies will require that EID must enter into a contract with the United States Bureau of Reclamation (the "Bureau") for the use of the Bureau's Folsom Lake storage facilities. Before entering into this contract,

the Bureau may be required to initiate and complete a consultation with the United States Fish and Wildlife Service under Section 7 of the Federal Endangered Species Act. This process could add to the time required for completion of the Development and could result in additional restrictions on the use of such water supplies, including related land use restrictions. In addition, measures could be imposed to protect any endangered species which might be identified in or near the Development in the future (see "Endangered Species"). This possibility presents a risk to prospective purchasers of the Bonds, or beneficial ownership interests therein, in that an inability to complete the Development as planned increases the risk that the Bonds will not be repaid when due. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis.

California Drought; State of Emergency Proclamation

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

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

California set a new "low water" mark on April 1, 2015, with its early-April snowpack measurement. The Statewide electronic reading of the snowpack's water content stood at 1.4 inches, or 5 percent, of the 28-inch average. The lowest previous reading since 1950 was 25 percent of the average, so water year 2015 was the driest winter in California's written record. Subsequently, on April 1, 2015, for the first time in State history, the Governor directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25 percent. This savings amounted to approximately 1.5 million acre-feet of water over nine months.

Following a wet winter that partly replenished the mountain snowpack and a year of savings in State water use, the State Water Resources Control Board announced that it would suspend the mandatory Statewide reduction in urban water use, effective June 1, 2016. Although the State is still in a drought, the State Water Resources Control Board adopted new rules that would allow local communities to set their own conservation standards based on their own projection of water supplies, assuming that the next three years would continue to be uncommonly dry. These projections would be subject to State review, and the State could impose restrictions on communities it determines were being unrealistic. Should communities revert to water-wasting habits, or if subsequent years are dry again, the State may return to the mandatory statewide reductions. The County cannot predict how long the drought conditions will last, what effect drought conditions may have on property values or whether or to what extent water reduction requirements in effect today or mandated in the future may affect the District.

Earthquakes

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

Endangered Species

It is illegal to harm or disturb any plants or animals in their habitat that have been listed as endangered species by the United States Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Although the Developer believes that no federally listed endangered or threatened species would be affected by the proposed development within the District, other than any that are permitted by the entitlements already received, the discovery of an endangered plant or animal could delay development of vacant property in the District or reduce the value of undeveloped property. Additionally, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect species located on or adjacent to the property within the District could negatively affect the ability to complete development in the District as planned. This, in turn, could reduce the likelihood of timely payment of the Special Taxes and would likely reduce the value of the land estimated by the Appraiser and the potential revenues available at a foreclosure sale for delinquent Special Taxes. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis."

During recent years, there has been an increase in activity at the State and federal level related to the possible listing of certain plant and animal species found in California as endangered species. An increase in the number of endangered species is expected to curtail development in a number of areas. The Master Developer indicates that no special status plant or wildlife species were found on site during the field surveys conducted in preparation of the EIR. According to the Master Developer, a few Valley Elderberry Longhorn Beetle ("VELB") bushes have been identified to date, but the Master Developer indicates that it has complied with all regulatory requirements by avoiding all bushes that are protected, and such bushes do not hinder the development plan. The Master Developer reports that there has been no other indication to date that any plant or animal species listed (or proposed for listing by the California Department of Fish and Game or the United States Fish and Wildlife Service) as threatened or endangered under either the State of California or federal endangered species acts, inhabits any of the property within the District. Notwithstanding this fact, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect species located on or adjacent to the property within the District could negatively affect the Master Developer's or other property owner's ability to complete the Development as planned. This, in turn, could reduce the likelihood of timely payment of the Special Taxes and would likely reduce the value of the land and the potential revenues available at a foreclosure sale for delinquent Special Taxes. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis" and " - Land Values."

Hazardous Substances

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

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

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

Naturally Occurring Asbestos

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

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

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

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

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

Potential Impact of Water Shortage

As described herein under "THE DISTRICT - Water Availability," the number of existing water allotments is limited, and no assurance can be made that additional water supplies will be made available or that existing supplies will not be reduced. EID has invoked water shortage emergency powers pursuant to California Water Code Section 350 et seq. during two periods within the last 15 years (from March 12, 1990 through June 12, 1992 and from November 9, 1992 through August 9, 1993). In the first case, this was due to a perceived shortage of water supply, and in the second case, delivery of available water supply was interrupted as a result of a major forest fire. In the first case, EID ceased allowing new hook-ups pending confirmation of its capacity to serve but constructed facilities to more fully utilize existing water supplies which were made available for new hook-ups. In the second case, EID developed water conservation plans and water shortage response measures to deal with this and future emergencies.

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

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

moratoriums or any other reason, development within the District may be delayed or even stopped, and the Development Agreement could terminate prior to completion of the Development. The anticipated diversity of ownership of land within the District would be reduced, making the owners of the Bonds more dependent upon the Master Developer's or other developers' timely payment of the Special Taxes levied on the undeveloped property. Furthermore, such an increased period of concentration of ownership increases the potential negative impact of any bankruptcy or other financial difficulties experienced by the Master Developer or other developers. See "SPECIAL RISK FACTORS - Bankruptcy and Foreclosure Delays" below. Any reduction or interruption in the water supply would also likely cause a reduction in the land value and thus a reduction in the security in the event of a need to foreclose on land within the District following a delinquency in the payment of Special Taxes. For information concerning the existing supply of water allocations within the District, see "THE DISTRICT - Water Availability." See also the risk factor "Future Land Use Regulations" above.

Direct and Overlapping Public Indebtedness

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

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

Private Indebtedness

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

Collection of Special Tax

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

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

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

Maximum Annual Special Tax Rates

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

No Rating of Junior Lien Bonds

Ownership of the Junior Lien Bonds is subject to a significant degree of risk that may not be appropriate for some investors. The Junior Lien Bonds are not rated by any national rating agency, and the County does not presently intend to seek any rating of the Junior Lien Bonds nor does the County anticipate that the Junior Lien Bonds would qualify for an investment grade rating due to the structure and size of the Senior Lien Bonds.

Exempt Properties

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

The ability of the County to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax installment may be limited in certain respects with regard to property in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The County is unable to predict what effect this assertion would have in the event of a delinquency on a parcel within the District in which the FDIC has or obtains an interest. In addition, although the FDIC does not claim immunity from *ad valorem* property taxation, it requires a foreclosing entity to obtain FDIC's consent to foreclosure proceedings. Prohibiting a foreclosure on property owned by the FDIC could significantly reduce the amount available to pay the principal of and interest on the Bonds. Either outcome would cause a draw on the Reserve Fund and perhaps, ultimately, a default in the payment on the Bonds. According to the County and the Developer, there is no indication that the FDIC currently owns any property in the District.

Bankruptcy and Foreclosure Delays

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

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

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

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

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

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

property (i.e., post-petition taxes) in effect during the period following the filing of a bankruptcy petition, including during the period bankruptcy proceedings are pending.

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings. This treatment might result from the fact that, although the lien of special taxes is of record from the date of the filing of a Notice of Special Tax Lien, the actual special tax is levied annually. As noted above, special taxes have a different lien date than the lien date for general *ad valorem* taxes in the State of California noted above. The lien of a Mello-Roos special tax attaches upon recordation of the notice of the special tax lien, as provided for in Section 53328.3 of the Act, as opposed to the annual January 1 lien date for general *ad valorem* taxes. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving special taxes rather than general *ad valorem* property taxes, a court might consider the differences in the statutory provisions for creation of the applicable tax lien (general *ad valorem* or special tax) in determining whether there is a basis for post petition special taxes to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the special tax lien as a secured claim against property with respect to post-petition levies of the Special Taxes made against property owners within the District who file for bankruptcy, collections of the Special Taxes from such property owners could be reduced as the result of being treated as "administrative expenses" of the bankruptcy estate. Also, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general *ad valorem* taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may not be applicable to special taxes since they were not expressly mentioned or provided for in this section, nor defined to be included within the term "*ad valorem* taxes."

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the *terms* of the Bonds or the Fiscal Agent Agreements. Pursuant to the Fiscal Agent Agreements, a bondholder is *given* the right, for the equal benefit and protection of all bondholders similarly situated, to pursue certain remedies described under "THE FISCAL AGENT AGREEMENT - Remedies of Bondholders." So long as the Bonds are in book-entry form, DTC will be the sole bondholder and will be entitled to exercise all rights and remedies of bondholders. See "APPENDIX E— DTC AND THE BOOK-ENTRY SYSTEM."

Loss of Tax Exemption

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

Ballot Initiatives

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

Absence of Secondary Market for the Bonds

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

Recent Case Law Related to the Mello-Roos Act

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The case involved a Convention Center Facilities District (the "CCFD") established by the City of San Diego. The CCFD is a financing district established under the City's charter (the "Charter") and was intended to function much like a community facilities district established under the Mello-Roos Act. The CCFD was comprised of all of the real property in the entire City. However, the CCFD special tax was to be levied only on properties in the CCFD that were improved with a hotel.

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

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

Significantly, the *San Diego* Court expressly stated that it was not addressing the validity of a landowner election to impose special taxes on residential property pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Therefore, by its terms, the *San Diego* Court's holding does not apply to the special tax election in the District.

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

53341. Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to [the Mello-Roos Act] shall be commenced within 30 days after the special tax is approved by the voters....²

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

Landowner voters, as the sole qualified electors in the District, approved the Special Taxes and the issuance of bonds for the District in compliance with all applicable requirements of the Mello-Roos Act in 2005 and the Bonds were authorized to be issued and approved by the Board of Supervisors, as the legislative body of the District in 2005. Pursuant to Sections 53341 and 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the Special Taxes has expired.

The *San Diego* Court expressly stated that it did not consider the validity of landowner voting to impose special taxes and because the period for challenging the Special Taxes has passed, the County and Bond Counsel believe that no successful challenge to the levy of the Special Taxes or the issuance or validity of the Bonds may now be brought.

LEGAL MATTERS

Legal Opinions

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

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

² Section 53326(b) of the Mello-Roos Act defines the authorized voters for an election in which the special taxes will be levied on residential property: "Except as otherwise provided in subdivision (c), if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing, the vote shall be by the registered voters of the proposed district, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each person who is the owner of land at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed community facilities district not exempt from the special tax...."

Tax Exemption

Opinion of Bond Counsel. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

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

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

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

No Litigation

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

CONTINUING DISCLOSURE

The County has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than April 30 after the end of the County's fiscal year (presently June 30) in each year (the "**Annual Report**"), commencing with its report for fiscal year 2014-15, and provide notices of the occurrence of certain enumerated events.

The Annual Report will be filed with the Municipal Securities Rulemaking Board ("**MSRB**") or otherwise as required by Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). Likewise, the notices of enumerated events will be filed with the MSRB. These covenants have been made in order to assist the Underwriter in complying with the Rule. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events by the County is summarized in "APPENDIX C - Form of Continuing Disclosure Certificate."

The County has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of bonds. Within the last five years, the County has not met its disclosure undertakings with regards to timing of filing its audited financial statements. The County's audited financial statement for fiscal year 2009-10 was filed 1,413 days late, the audited financial statement for fiscal year 2010-11 was filed 1,048 days late, the audited financial statement for fiscal year 2011-12 was filed 181 days late, the audited financial statement for fiscal year 2012-13 was filed 188 days late, and the audited financial statement for fiscal year 2013-14 was filed 182 days late. Within the last five years, with respect to previously issued Special Tax Bonds, the required operating data was generally timely filed except in the following instances: (i) operating data for CFD 2005-1 which was required to be filed for fiscal year 2012-13 was filed nine days late; and (ii) operating data which was required to be filed for fiscal year 2011-12 was filed on time but was missing a "Special Tax Levy by Land Use" table. The County is now in full compliance with its disclosure undertakings. In order to assist it in complying with its disclosure undertakings, including timely submission of information for the Bonds, the District will utilize a third party to serve as its dissemination agent to assist with future disclosure

undertakings. The District's initial dissemination agent will be NBS Government Finance Group. The District has also revised the due date for its annual reports from the October 30 date on its other outstanding bonds to April 30 for the Bonds in order to further enhance its ability to comply with its continuing disclosure obligations. The County expects to be able to meet its disclosure obligations for the Bonds.

RATINGS

S&P Global Ratings ("**S&P**"), has assigned a rating of "____" to the [[Insured]] Bonds, with the understanding that upon delivery of the Senior Lien Bonds, _____ will deliver its Policy with respect to the Insured Bonds. In addition, S&P has assigned an underlying rating of "_____" to the Senior Lien Bonds without regard for bond insurance. This rating reflects only the view of S&P, and an explanation of the significance of the rating, and any outlook assigned to or associated with the rating, should be obtained from S&P. **No rating has been assigned to the Junior Lien Bonds.**

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

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

UNDERWRITING

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

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

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

PROFESSIONAL FEES

In connection with the issuance of the Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the Bonds. Those professionals include: the Underwriter; Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel; _____, as Underwriter's Counsel; and _____, as Fiscal Agent for the Bonds.

EXECUTION

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

COUNTY OF EL DORADO

By: _____
Auditor-Controller

DRAFT

APPENDIX A

GENERAL INFORMATION ABOUT THE COUNTY OF EL DORADO

The District's boundaries include portions of the County of El Dorado. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuation" in the body of the Official Statement. This section provides certain information about the economy and demographic trends in the County. However, no revenues of the County or taxes on economic activity in the County are pledged to payment of the Bonds. The Bonds are payable from an ad valorem property tax required to be levied on all taxable property within the District's boundaries in an amount sufficient to pay debt service on the Bonds as it comes due.

General and Location

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

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

Population

The historic population estimates for the County and the State of California as of January 1 of the calendar years 2011 through 2016 are listed below.

County of El Dorado and State of California Population Estimates

Calendar Year	El Dorado County	State of California
2011	181,170	37,536,835
2012	180,952	37,881,357
2013	180,588	38,239,207
2014	181,731	38,567,459
2015	182,743	38,907,642
2016	183,750	39,255,883

Source: California State Department of Finance

Effective Buying Income

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

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2010 through 2015. Effective Buying Income data is not yet available for calendar year 2016.

EI DORADO COUNTY Effective Buying Income 2010 through 2015			
Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2010	El Dorado County	\$4,642,448	\$52,782
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	El Dorado County	\$4,914,270	\$52,902
	California	814,578,458	47,062
	United States	6,438,704,663	41,253
2012	El Dorado County	\$5,207,083	\$54,870
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	El Dorado County	\$4,829,780	\$52,204
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	El Dorado County	\$5,395,993	\$58,399
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	El Dorado County	\$5,353,528	\$54,408
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

Source: The Neilson Company Inc.

Taxable Transactions

A summary of historic taxable sales within El Dorado County during the past five years in which data is available is shown in the following table. Annual figures for calendar years 2014 and 2015 are not yet available.

Total taxable sales during the first three quarters of 2014 in El Dorado County were reported to be \$1.44 million a 3.89% increase over the total taxable sales of \$1.38 million reported during the first three quarters of 2013.

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

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

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

Largest Employers

The following chart presents the major employers in the County as of March 2016.

EL DORADO COUNTY Major Employers March 2016

Employer Name	Location	Industry
Ameri Gas	Placerville	Gas Companies
Barton Health	South Lake Tahoe	Hospitals
Beach Retreat & Lodge	South Lake Tahoe	Hotels & Motels
Blue Shield of California	El Dorado Hills	Insurance
CEMEX	El Dorado Hills	Concrete Contractors
Child Development Programs	Placerville	Child Care Service
County of Eldorado	Placerville	County Government-General Offices
Cyber Quest-Red Hawk Casino	Placerville	Amusement & Theme Parks
DST Output	El Dorado Hills	Business Services NEC
El Dorado Cnty Transportation	Placerville	Government Offices-County
El Dorado County Human Svc	Placerville	Government Offices-County
El Dorado County Sheriff	Placerville	Government Offices-County
El Dorado Irrigation District	Placerville	Water & Sewage Companies-Utility
Lake Tahoe Community College	South Lake Tahoe	Schools-Universities & Colleges Academic
Marriott-Grand Residence Tahoe	South Lake Tahoe	Hotels & Motels
Marriott-Timber Lodge	South Lake Tahoe	Hotels & Motels
Mc Clone Construction Co	Cameron Park	General Contractors
More	Placerville	Rehabilitation Services
Mother Lode Bail Bonds	Placerville	Bonds-Bail
Raley's	El Dorado Hills	Grocers-Retail
Raley's	Placerville	Grocers-Retail
Safeway	South Lake Tahoe	Grocers-Retail
Sierra At Tahoe Resort	Twin Bridges	Skiing Centers & Resorts
South Lake Tahoe City Manager	South Lake Tahoe	Government Offices-City, Village & Twp
Spare Time Inc	El Dorado Hills	Health Clubs Studios & Gymnasiums

Source: State of California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2016 2nd Edition.

Employment

The District is included in the Sacramento--Roseville--Arden-Arcade Metropolitan Statistical Area ("MSA"). The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 4.7 percent in May 2016, down from a revised 5.1 percent in April 2016, and below the year-ago estimate of 5.7 percent. This compares with an unadjusted unemployment rate of 4.7 percent for California and 4.5 percent for the nation during the same period. The unemployment rate was 4.7 percent in El Dorado County, 4.0 percent in Placer County, 4.9 percent in Sacramento County, and 5.0 percent in Yolo County.

The table below lists employment by industry group for the MSA for the years 2011 through 2015. Annual figures are not yet available for calendar year 2016.

SACRAMENTO--ARDEN-ARCADE--ROSEVILLE MSA
(El Dorado, Placer, Sacramento, Yolo Counties)
Annual Average Labor Force and Employment Industry
Calendar Years 2011 through 2015 (March 2015 Benchmark)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Civilian Labor Force</u> ⁽¹⁾					
Employment	921,600	941,300	958,200	976,100	998,100
Unemployment	123,600	108,200	90,900	74,700	62,100
Unemployment Rate	11.8%	10.3%	8.7%	7.1%	5.9%
<u>Wage and Salary Employment</u> ⁽²⁾					
Agriculture	8,200	8,600	8,900	9,200	9,300
Mining and Logging	500	400	500	500	600
Construction	36,900	38,400	43,300	45,400	49,900
Manufacturing	33,200	33,900	34,100	35,400	36,300
Wholesale Trade	23,700	25,200	25,000	24,500	24,600
Retail Trade	89,400	91,800	93,800	95,300	97,500
Transportation, Warehousing and Utilities	21,100	22,000	22,900	23,600	24,600
Information	16,300	15,600	14,800	13,900	14,200
Finance and Insurance	34,700	35,700	36,300	35,500	37,100
Real Estate and Rental and Leasing	12,000	12,500	13,100	13,400	13,900
Professional and Business Services	104,400	111,100	114,600	118,200	119,700
Educational and Health Services	122,500	125,600	130,700	134,300	140,300
Leisure and Hospitality	81,700	84,500	88,700	91,800	94,900
Other Services	28,000	28,600	29,000	30,200	30,800
Federal Government	14,000	13,700	13,500	13,600	13,700
State Government	109,700	108,200	109,900	113,400	115,400
Local Government	100,900	99,600	99,200	100,800	102,900
Total, All Industries ⁽³⁾	837,200	855,400	878,300	899,000	925,700

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Construction Trends

Provided below are the building permits and valuations for the County for calendar years 2011 through 2015. Annual figures are not yet available for calendar year 2016.

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

	2011	2012	2013	2014	2015
Permit Valuation					
New Single-family	\$54,694.8	\$51,963.9	\$116,123.0	\$155,902.6	\$237,724.2
New Multi-family	0.0	33,132.7	4,913.4	5,605.8	0.0
Res. Alterations/Additions	<u>41,433.9</u>	<u>49,227.5</u>	<u>51,096.6</u>	<u>44,067.1</u>	<u>35,275.2</u>
Total Residential	96,128.7	134,324.1	172,133.0	\$205,575.5	\$272,999.4
New Commercial	11,636.0	869.6	63,119.4	\$5,188.8	\$39,880.2
New Industrial	0.0	0.0	340.0	244.3	0.0
New Other	1,320.5	0.0	14,386.6	27,389.2	28,128.8
Com. Alterations/Additions	<u>47,718.4</u>	<u>818.4</u>	<u>19,524.6</u>	<u>22,756.5</u>	<u>17,758.5</u>
Total Nonresidential	\$60,674.9	\$1,688.0	\$97,370.6	\$55,578.8	\$85,767.5
New Dwelling Units					
Single Family	137	123	293	396	574
Multiple Family	<u>0</u>	<u>115</u>	<u>46</u>	<u>32</u>	<u>0</u>
TOTAL	137	238	339	428	574

Source: Construction Industry Research Board, Building Permit Summary.

Tourism

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

Transportation

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

APPENDIX B

**RATE AND METHOD OF APPORTIONMENT FOR
COUNTY OF EL DORADO
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BLACKSTONE)**

DRAFT

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

\$ _____
County of El Dorado
COMMUNITIES FACILITIES DISTRICT NO. 2005-1
(Blackstone)
2016 Series A SENIOR LIEN
SPECIAL TAX BONDS

\$ _____
County of El Dorado
COMMUNITIES FACILITIES DISTRICT NO. 2005-1
(Blackstone)
2016 Series B JUNIOR LIEN
SPECIAL TAX BONDS

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the County of El Dorado (the "County") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are being issued pursuant to a separate Fiscal Agent Agreement for each Series, each dated as of August 1, 2016 (the "Fiscal Agent Agreement"), by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The County hereby covenants and agrees as follows:

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

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

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

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

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

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

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

"*Official Statement*" means the final official statement dated _____, 2016, executed by the County in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Stifel Nicolaus & Co., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 30, 2017, with the report for the 2015-16 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the County) has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The County shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the County hereunder.

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

(c) The Dissemination Agent shall:

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

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

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

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

(1) Balance in the Reserve Fund.

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

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

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

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

(6) Identity of any delinquent taxpayer representing more than 5% of levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available).

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

(1) Significant amendments to land use entitlements.

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

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

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

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

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

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

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

Section 5. Reporting of Listed Events.

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

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

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall, or shall cause the Dissemination Agent (if not the County) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing,

notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

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

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

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

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

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

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

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of

the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

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

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

Section 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

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

any fiduciary capacity for the County, the Fiscal Agent, the Bond owners or any other party. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

Date: _____, 2016

COUNTY OF EL DORADO for and on behalf of the
COUNTY OF EL DORADO COMMUNITY
FACILITIES DISTRICT NO. 2005-1
(BLACKSTONE)

By: _____
Authorized Officer

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

By: _____
Name: _____
Title: _____

DRAFT

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of El Dorado

Name of Bond Issue: County of El Dorado Community Facilities District No. 2005-1
(Blackstone) 2016 Senior Series A and 2016 Junior Series B Special Tax
Bonds

Date of Issuance: _____, 2016

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated _____, 2016 executed by the County and countersigned by _____, as dissemination agent. The County anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

DRAFT

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

SENIOR LIEN BONDS

_____, 2016

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

OPINION: \$ _____ County of El Dorado Community Facilities District No. 2005-1 (Blackstone) 2016 Series A Senior Lien Special Tax Bonds

Members of the Board of Supervisors:

We have acted as bond counsel in connection with the issuance by the County of El Dorado (the "County") of its \$ _____ County of El Dorado Community Facilities District No. 2005-1 (Blackstone) 2016 Series A Senior Lien Special Tax Bonds (the "Bonds") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code (the "Act"), a resolution of the County adopted _____, 2016 (the "Resolution") and a Fiscal Agent Agreement, dated as of August 1, 2016 by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The County is duly organized and validly existing as a municipal corporation and general law County under the laws of the State of California, with power to enter into the Fiscal Agent Agreement, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the County and are legal, valid and binding obligations of the County, payable solely from the sources provided therefor in the Fiscal Agent Agreement.

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

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

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the County complies with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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

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

Respectfully submitted,

FORM OF OPINION OF BOND COUNSEL

JUNIOR LIEN BONDS

_____, 2016

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

OPINION: \$_____ County of El Dorado Community Facilities District No. 2005-1
(Blackstone) 2016 Series B Junior Lien Special Tax Bonds

Members of the Board of Supervisors:

We have acted as bond counsel in connection with the issuance by the County of El Dorado (the "County") of its \$_____ County of El Dorado Community Facilities District No. 2005-1 (Blackstone) 2016 Series B Junior Lien Special Tax Bonds (the "Bonds") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code (the "Act"), a resolution of the County adopted _____, 2016 (the "Resolution") and a Fiscal Agent Agreement, dated as of August 1, 2016 by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The County is duly organized and validly existing as a municipal corporation and general law County under the laws of the State of California, with power to enter into the Fiscal Agent Agreement, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the County and are legal, valid and binding obligations of the County, payable solely from the sources provided therefor in the Fiscal Agent Agreement.
3. The Fiscal Agent Agreement has been duly approved by the County and constitutes a legal, valid and binding obligation of the County enforceable against the County in accordance with its terms.

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

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the County complies with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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

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

Respectfully submitted,

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

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

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

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing

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

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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APPENDIX F

**SUMMARY OF CERTAIN PROVISIONS OF
THE FISCAL AGENT AGREEMENTS**

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APPENDIX G

Specimen Municipal Bond Insurance Policy

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