



County of El Dorado
OFFICE OF AUDITOR-CONTROLLER

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June 24, 2016

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

RE: El Dorado County Community Facilities District No. 2005-1 (Blackstone)

Dear Board Members:

Recommendation:

The Auditor-Controller, on behalf of the Assessment and Community Facilities District Screening Committee ("Committee"), recommends the Board adopt "Resolution XXX-2016 Authorizing the Issuance of Special Tax Bonds and Approving and Authorizing Forms of Fiscal Agent Agreements, and Authorizing Changes Thereto; and Authorizing Additional Actions in Connection Therewith for Community Facilities District No. 2005-1 (Blackstone)."

Reasons for Recommendation:

The Board of Supervisors will recall that in 2005 it formed Community Facilities District No. 2005-1 (Blackstone) under the Mello-Roos Community Facilities Act and authorized the levy of special taxes on land within the CFD. Shortly after formation, the County issued, on behalf of the CFD, \$32,655,000 original principal amount of County of El Dorado Community Facilities District No. 2005-1 (Blackstone) Special Tax Bonds, secured by the CFD special taxes, with no general fund liability. The CFD is authorized to issue indebtedness in an amount not to exceed \$35,000,000 to finance authorized improvements; proceeds of the 2005 Bonds were used to finance the construction of a portion of certain major infrastructure improvements associated with projects of this nature.

The current favorable low interest rates afford an opportunity to refinance the 2005 Bonds to generate interest cost savings over the remaining life of the 2005 Bonds, which savings can be realized by property owners in the CFD. Staff has been working with the County's consultants for the issuance of refunding bonds to reflect the savings as well as to generate additional "new money" for a portion of the final improvements to be financed by the CFD (\$32,655,000 of the \$35,000,000 authorization has been previously issued and the remainder proposed to now be issued). Currently the 2016 Bonds are proposed to be issued in two series, a senior-lien series secured primarily by special taxes derived from completed homes, and a junior-lien series secured primarily by property remaining to be developed. Overall, the refunding will result in a savings on the interest costs levied on properties in the CFD as part of the special taxes, and finance remaining additional authorized facilities for the CFD.

The resolution seeks approval of certain documents drafted by the County's bond counsel and described below providing for the issuance of the 2016 Bonds and the use of the proceeds of those bonds.

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The developer desires to proceed with the issuance of the remaining bond authorization for and on behalf of the CFD and has requested the Board of Supervisors to adopt the attached Resolution to commence the approval process. The Resolution approves the issuance of bonds in accordance with a Fiscal Agent Agreement for each series (senior lien and junior lien), the form of which is approved by the Resolution. The Fiscal Agent Agreement is the document that authorizes the terms and conditions for the bonds. It provides that a fiscal agent will receive moneys generated from the special taxes levied in the CFD and use the moneys to pay bondholders. It also provides for the safekeeping of a reserve fund to cover payments should any deficiencies occur because of non-payment of special taxes.

The County proposes to sell the 2016 Bonds to Stifel, Nicolaus & Company, Incorporated, as Underwriter, pursuant to the terms of a Bond Purchase Agreement to be approved. The Underwriter proposes to offer the 2016 Bonds to the investing public by means of a Preliminary Official Statement, which is the offering document used by the underwriter to market the bonds, to be approved.

This Resolution gives the Chief Administrative Officer, Auditor-Controller, County Counsel, and the Treasurer Tax-Collector, 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 Official Statement and the Bond Purchase Agreement. These documents have been prepared and are on file with the Board Clerk.

Members of the Board of Supervisors should note that the Special Tax Bonds are not an obligation of the County of El Dorado. The sole source of revenue to pay debt service on the Bonds comes from the special tax levied within the District. The only foreseeable circumstances that would make the County partially responsible for debt service payments or damages to bond investors would be if an error or omission is made by the County in the formation of the district, in the preparation of the offering state, in the ongoing SEC required disclosures, or in the administration of the CFD.

Fiscal Impact:

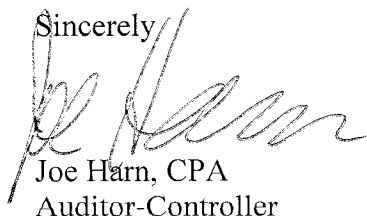
None.

Action to be Taken Following Approval:

Following Board approval:

1. Board Clerk's Office will forward one fully executed Resolution to the Auditor-Controller's Office

Sincerely



Joe Harn, CPA
Auditor-Controller