



County of El Dorado

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March 27, 2019

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

RE: El Dorado County Community Facilities District No. 2018-1 (Bass Lake Hills)

Dear Board Members:

Recommendation:

The Auditor-Controller and the Assessment and Community Facilities District Screening Committee recommend the Board adopt “Resolution Authorizing the Issuance and Sale of Special Tax Bonds and Approving and Authorizing Forms of Fiscal Agent Agreement, Preliminary Official Statement and Bond Purchase Agreement; and Authorizing Additional Actions in Connection Therewith for Community Facilities District No. 2018-1 (Bass Lake Hills).”

Reasons for Recommendation:

In accordance with Section 3.7 of the County's Community Benefit and Development Agreement with Lennar Winncrest, LLC for each of the Hawk View, Bell Ranch and Bell Woods areas of the Bass Lake Specific Plan, the County is required to assist the Developer in obtaining community facilities district financing for infrastructure needed for the three subdivisions. The purpose of the CFD is to fund the construction of certain major infrastructure improvements, and to pay certain impact fees associated with projects of this nature. Per the Board's Resolution 172-2018 adopted August 28, 2018 the CFD is authorized to issue total indebtedness in an amount not to exceed \$25,000,000 to finance the authorized improvements and fees.

In connection with the request, on August 28, 2018, the Board, by resolution, formed its Community Facilities District No. 2018-1 (Bass Lake Hills) (the "CFD"). At the same meeting, the Board held a public hearing and conducted a special election in which unanimous approval was given to the levy of a special tax of the CFD and the issuance of bonds for the CFD.

Today's resolution seeks approval of the first series of bonds and authorizes the issuance of bonds for the CFD in an amount not to exceed \$13,000,000, and approve the form of certain documents and matters related thereto, including a Fiscal Agent Agreement which is the document that sets forth the terms and conditions for the bonds prior to determination of interest rates. The Resolution here also approves the Preliminary Official Statement and Bond Purchase Agreement. The Bond Purchase Agreement contemplates sale of the Bonds to Stifel, Nicolaus & Company, as underwriter, and the Preliminary Official Statement, which includes a continuing disclosure obligation of the CFD similar to the disclosure obligations undertaken by the County in connection with other community facilities districts of the County. Recall the Preliminary Official Statement is the offering document used by the underwriter to market the bonds and includes information about the bonds and the development. Issuance of the bonds is the start of the implementation of the bonding plan originally put in place for the CFD.

The Resolution gives the Chief Administrative Officer, the Auditor-Controller, County Counsel, or any person duly authorized by your board, the authority to make, after consultation with counsel de minimis changes, additions, or deletions to the Preliminary Official Statement, Bond Purchase Agreement, and other required documents. The Resolution also authorizes the appropriate County Officers the authority to execute various documents necessary for the completion of the bond sale. The Preliminary Official Statement will not be issued in final form until it is approved by the appropriate County Officers.

The CFD's 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 circumstance that would make the County partially responsible for debt services payment 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. Approval of the issuance of the bonds is recommended.

In accordance with Government Code Section 5852.1 which requires disclosure of a good faith estimate of interest cost, finance charges and other financial information related to the bonds, the following information has been obtained from the underwriter for disclosure to the Board: (i) the estimated true interest cost of the Bonds (being the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds) is 5.09%, (ii) the estimated finance charge of the Bonds (being the sum of all fees and charges paid to third parties) is \$430,000, (iii) the estimated proceeds of the Bonds expected to be received, net of proceeds for finance charges in (ii) above to paid from the principal amount of the Bonds and any reserves or capitalized interest paid or funded with Bonds is \$12,002,390, and (iv) the estimated total payment amount of the Bonds (being the sum of debt service plus finance to be paid to final maturity, plus any financing costs not paid from proceeds of the Bonds) is \$26,170,840. This information is based on good-faith estimates provided by the underwriter.

Fiscal Impact:

None.

Action to be Taken Following Approval:

Following Board approval:

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

Sincerely,



Joe Harn
Auditor-Controller