

## PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2015

## NEW ISSUE

RATING: S&P: [ "\_\_\_" ( \_\_\_ Insured) ]  
See "RATING."

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

\$ \_\_\_\_\_ \*

**County of El Dorado**  
**COMMUNITIES FACILITIES DISTRICT NO. 2001-1**  
**(Promontory Specific Plan)**  
**SPECIAL TAX REFUNDING BONDS**  
**SERIES 2015A**

Dated: Date of Delivery

Due: September 1, as shown on inside cover

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

The Bonds are being issued to refund the District's outstanding County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) Special Tax Bonds Series 2002 and Series 2005, to establish a separate debt service reserve fund for the Bonds, and to pay the costs of issuing the Bonds. See "FINANCING PLAN."

Interest on the Bonds is payable on September 1, 2015, and semiannually thereafter on each September 1 and March 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, 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 Bonds are not a general fund obligation of the County.

**MATURITY SCHEDULE**

(see inside cover)

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy issued concurrently with the delivery of the Bonds by \_\_\_\_\_.

**[Insurer Logo]**

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

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

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

**[Stifel logo]**

The date of this Official Statement is: \_\_\_\_\_, 2015.

DRAFT

## MATURITY SCHEDULE

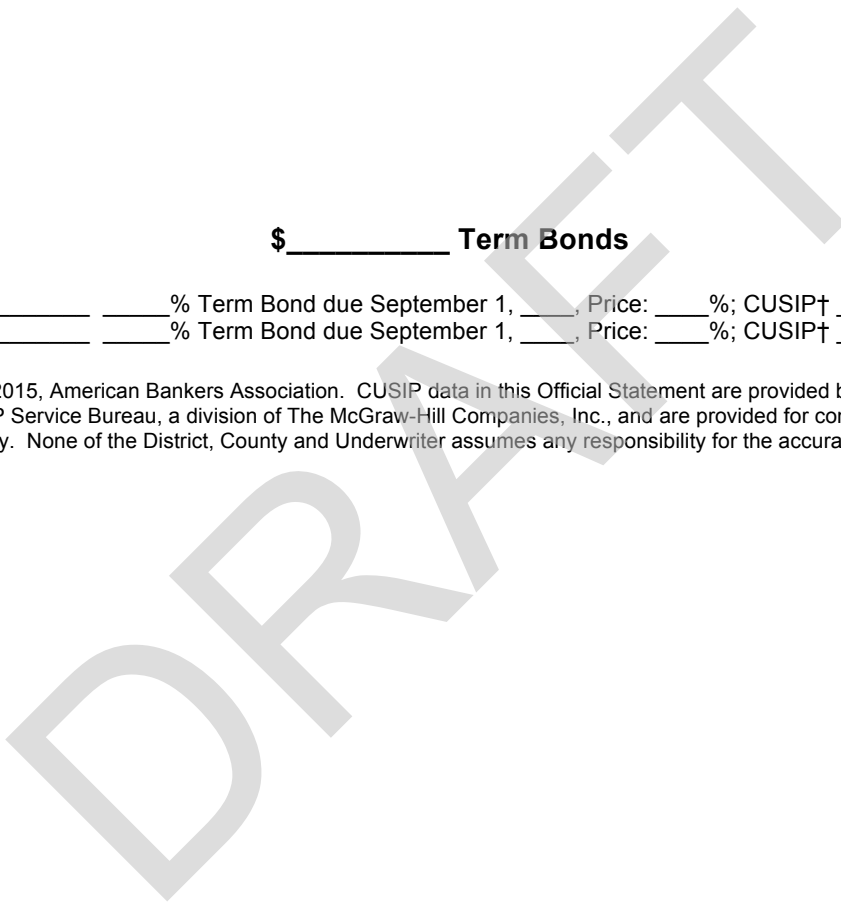
### \$ \_\_\_\_\_ Serial Bonds

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

### \$ \_\_\_\_\_ Term Bonds

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

† Copyright 2015, American Bankers Association. CUSIP data in this Official Statement are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. None of the District, County and Underwriter assumes any responsibility for the accuracy of CUSIP data.



# COUNTY OF EL DORADO, CALIFORNIA

## **Board of Supervisors**

Ron Mikulaco, District No. 1  
Shiva Frentzen, District No. 2  
Brian Veerkamp, District No. 3  
Ron Briggs, District No. 4  
Norma Santiago, District No. 5

## **County Officials**

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

## **County Staff**

Terri Daly, Chief Administrative Officer  
Ed Knapp, County Counsel  
Bard Lower, Director, Department of Transportation  
Roger Trout, Director of Development Services

## **SPECIAL SERVICES**

### **Bond Counsel**

Jones Hall, a Professional Law Corporation  
San Francisco, California

### **District Administrator**

NBS Government Finance Group  
Temecula, California

### **Appraiser**

Bender Rosenthal, Inc.  
Sacramento, California

### **Fiscal Agent**

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

### **Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
San Francisco, California

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION .....	2	AKT Development's Previous Experience with Community Facilities Districts .....	53
FINANCING PLAN .....	6	Developer Finances .....	53
Refunding Plan .....	6	ESTIMATED VALUE OF PROPERTY IN	
Estimated Sources and Uses of Funds .....	7	THE DISTRICT .....	54
THE BONDS.....	8	Assessed Valuation.....	<b>Error! Bookmark not defined.</b>
Authority for Issuance.....	8	The Appraisal .....	56
Description of the Bonds .....	8	Value to Special Tax Burden Ratios.....	58
Description of the Bonds .....	9	Direct and Overlapping Governmental	
Transfer or Exchange of Bonds.....	11	Obligations .....	1
SECURITY FOR THE BONDS.....	13	Estimated Tax Burden on Single Family	
General.....	13	Home.....	1
Special Taxes .....	13	SPECIAL RISK FACTORS.....	5
Special Tax Methodology .....	14	Concentration of Property Ownership .....	5
Levy of Annual Special Tax; Maximum		Failure or Inability to Complete Proposed	
Special Tax.....	18	Development on a Timely Basis.....	5
Delinquent Payments of Special Tax;		Disclosures to Future Purchasers .....	6
Covenant for Superior Court		Future Land Use Regulations.....	7
Foreclosure.....	19	Earthquakes .....	8
Special Tax Collection and		Endangered Species .....	8
Delinquency Rate .....	21	Hazardous Substances .....	9
Reserve Fund .....	22	Naturally Occurring Asbestos.....	9
Special Tax Fund.....	23	Potential Impact of Water Shortage .....	10
Bond Fund .....	23	Direct and Overlapping Public	
Deposit and Use of Proceeds of Bonds.....	24	Indebtedness.....	11
Additional Bonds.....	24	Private Indebtedness.....	12
BOND INSURANCE .....	26	Land Values .....	12
DEBT SERVICE SCHEDULED .....	27	Collection of Special Tax.....	12
THE DISTRICT .....	29	Maximum Annual Special Tax Rates .....	13
Location of the District .....	29	Exempt Properties.....	13
El Dorado Hills and the Promontory		Bankruptcy and Foreclosure Delays .....	14
Specific Plan.....	30	No Acceleration Provision .....	16
Planned Land Uses in the District .....	33	Loss of Tax Exemption .....	16
Completed and Anticipated Development ...	36	Ballot Initiatives .....	16
Developer Marketing and Lot Sales .....	43	Absence of Secondary Market for the	
Water Availability .....	43	2015 Bonds .....	16
The Development Agreement.....	44	LEGAL MATTERS.....	17
Services.....	46	Legal Opinions .....	17
THE IMPROVEMENTS .....	47	Tax Exemption .....	17
Eligible Facilities .....	47	No Litigation .....	18
Infrastructure Construction Activity to Date .	48	CONTINUING DISCLOSURE .....	18
OWNERSHIP OF PROPERTY IN THE		RATING.....	19
DISTRICT .....	50	UNDERWRITING .....	19
The Developer, AKT Development and		PROFESSIONAL FEES.....	20
Russel-Promontory.....	50	EXECUTION .....	20
Similar Projects Undertaken by AKT			
Development and Angelo K.			
Tsakopoulos .....	52		
APPENDIX A	–	County of El Dorado Demographic Information	
APPENDIX B	–	Rate and Method of Apportionment for County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan)	
APPENDIX C	–	Appraisal Report	
APPENDIX D	–	Form of Continuing Disclosure Certificate	
APPENDIX E	–	Form of Opinion of Bond Counsel	
APPENDIX F	–	DTC and the Book-Entry Only System	
APPENDIX G	–	Specimen Bond Insurance Policy	

## 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.

**[[Insurer's Disclaimer.** Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of, this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "Appendix G - Specimen Bonds Insurance Policy".]]

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

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

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

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

---

## OFFICIAL STATEMENT

---

\$ \_\_\_\_\_ \*

**County of El Dorado**  
**COMMUNITIES FACILITIES DISTRICT NO. 2001-1**  
**(Promontory Specific Plan)**  
**SPECIAL TAX REFUNDING BONDS**  
**SERIES 2015A**

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

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

### INTRODUCTION

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

**Authority for Issuance of the Bonds.** The Bonds are being issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, et seq., of the Government Code of the State of California) (the "**Act**"); a Fiscal Agent Agreement dated as of February 1, 2015 (the "**Fiscal Agent Agreement**") by and between the County and The Bank of New York Mellon Trust Company, N.A. (the "**Fiscal Agent**"); and Resolution No. \_\_\_\_\_ (the "**Resolution**") adopted on \_\_\_\_\_, 2015 by the Board of Supervisors of the County (the "**Board of Supervisors**"). The authorized amount of bonds for the District was set at a maximum of \$30,000,000; additional bonds (including possible refunding bonds) are allowed to be issued in the future under the Fiscal Agent Agreement. See "THE BONDS – Additional Bonds."

\* Preliminary, subject to change.

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

**Description of the Bonds.** The Bonds will be issued in denominations of \$5,000 or any integral multiple of \$5,000. Interest is payable semiannually on each March 1 and September 1, commencing September 1, 2015. See "THE BONDS."

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

**Purpose of the Bonds.** Proceeds of the Bonds will be used primarily to refund the outstanding County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) Special Tax Bonds Series 2002 (the "**2002 Bonds**") issued on July 11, 2006 in the original principal amount of \$10,940,000 and Series 2005 (the "**2005 Bonds**" and together with the 2002 Bonds, the "**Prior Bonds**") issued on December 28, 2005 in the original principal amount of \$7,950,000. Proceeds of the Prior Bonds were primarily used to finance the costs of constructing certain public infrastructure improvements necessary for continued development of property within the District, such proceeds have been expended for completed improvements. The Prior Bonds have an outstanding aggregate principal balance of \$\_\_\_\_\_ as of \_\_\_\_\_ 1, 2015. Proceeds of the Bonds will also be used to establish a separate debt service reserve fund for the Bonds 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 the Act and Resolution No. 181-2001 adopted by the Board on June 26, 2001 (the "**Resolution of Formation**") ordering the formation of the District and calling an election on the levying of a special tax within the District. On June 26, 2001, the Board also adopted its Resolution No. 182-2001 (the "**Bond Resolution**") authorizing the issuance of bonds in an amount not to exceed \$30,000,000. The District was formed and established by the Board of Supervisors of the County (the "**Board of Supervisors**"), as legislative body of the District, under the Mello-Roos Community Facilities Act of 1982, as amended (the "**Act**"), pursuant to Resolution No. 181-2001 adopted by the Board of Supervisors on June 26, 2001 (the "**Resolution of Formation**"), following a public hearing and landowner election at which the qualified electors of the District authorized the County to incur bonded indebtedness for the District and approved the levy of special taxes. The District was formed to finance infrastructure improvements necessary for development. See "THE DISTRICT – Formation of the District." To date, \$18,890,000 of the \$30,000,000 bond authorization for the District has been issued. Additional bonds are expected to be issued in the future.

**The District.** Land in the District is an area of rolling hills and grasslands located in El Dorado County, California near U.S. Highway 50, approximately 23 miles east of Sacramento. The District consists of a portion of the area covered by the Promontory Specific Plan (as described herein) adopted by the Board of Supervisors of the County (the "**Board**") providing for a master planned community consisting of 11 residential villages approved under the Specific



Plan for 1,070 residential units centered around a Village Center (the "**Development**"), as more fully described herein. As of January 1, 2015, land in the District currently includes 526 homes constructed beginning in 2002. This number does not include homes currently under construction, or model homes. Land in the District additionally includes undeveloped land expected to be developed consistent with the Specific Plan. Property within the District is within an approximate 966 gross acre residential subdivision locally known as "Promontory " comprised of completed homes and residential lots planned for a total of 1,070 single-family homes and "cluster" housing. Currently, there are \_\_\_\_\_ Developed Parcels, \_\_\_\_\_ Final Mapped Parcels, \_\_\_\_\_ Parcels Exempt from Special Taxes, \_\_\_\_\_ Parcels that have pre-paid the Special Tax and \_\_\_\_\_ Undeveloped Parcels. Land in the District also includes open space and public parks not subject to the Special Tax. Homes are currently under construction by a merchant builder and the County expects development in the District to continue. See "THE DISTRICT."

**Security and Sources of Payment for the Bonds.** The Board of Supervisors annually levies special taxes on the property in the District (the "**Special Taxes**") in accordance with the Rate and Method of Apportionment for County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) (the "**Rate and Method**"), which is attached as APPENDIX B to this Official Statement. The Bonds are secured by and payable from a first pledge of "**Special Tax Revenues.**" Special Tax Revenues are proceeds of the Special Taxes received by the County, including any scheduled payments thereof, interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said interest (but not including any interest in excess of the interest due on the Bonds and the Bonds or any penalties collected in connection with any such foreclosure). Special Taxes are the special taxes levied by the County within the District under the Act, the Ordinance and the Fiscal Agent Agreement.

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

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

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

**Value Estimate of Property in the District.** In connection with valuing property in the District, the County has obtained the 2014-15 County assessed valuation (the "**Assessed Valuation**") of the property in the District; the ratio of such assessed valuation to the principal amount of the Bonds is approximately \_\_\_\_\_:1\*. In order to provide an alternate valuation of \_\_\_\_\_ undeveloped parcels in the District the County additionally ordered an appraisal of such land (the "**Appraisal**"), which was prepared by Bender Rosenthal, Inc., Sacramento, California (the "**Appraiser**"). See "VALUE ESTIMATE OF PROPERTY WITHIN THE DISTRICT."

**Debt Service Reserve Fund.** A separate debt service reserve fund (the "**Reserve Fund**") will be established for the Bonds in order to further secure the payment of principal and interest. See "FINANCING PLAN – Estimated Sources and Uses of Funds" and "SECURITY FOR THE BONDS – Reserve Fund."

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

**Risk Factors Associated with Purchasing the Bonds.** Investment in the Bonds involves risks that may not be appropriate for some investors. See "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters discussed in this Official Statement, in evaluating the investment quality of the Bonds.

\* Preliminary, subject to change.

## FINANCING PLAN

### Refunding Plan

Proceeds of the Bonds will be used primarily to refund the outstanding County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) Special Tax Bonds Series 2002 (the "**2002 Bonds**") issued on April 30, 2002 in the original principal amount of \$10,940,000 and Series 2005 (the "**2005 Bonds**" and together with the 2002 Bonds, the "**Prior Bonds**") issued on December 28, 2005 in the original principal amount of \$7,950,000. The Prior Bonds have an outstanding aggregate principal balance of \$\_\_\_\_\_ as of \_\_\_\_\_ 1, 2015. Proceeds of the Bonds will also be used to establish a separate debt service reserve fund for the Bonds and pay costs of issuance.

The County issued the Prior Bonds for the purpose of financing a portion of the costs of acquiring and constructing certain public infrastructure improvements (the "**Facilities**"). The Facilities generally consist of water, wastewater, drainage, roadway and other infrastructure improvements necessary for residential development of property in the District. The Facilities financed by the Prior Bonds are completed, however additional Facilities are required for continued future development in the District and additional bonds secured by the Special Taxes are expected to be issued. For additional information about the formation of the District and its bonding capacity, see "THE DISTRICT – Formation of the District."

The outstanding Prior Bonds will be redeemed in full on March 1, 2015 (the "**Redemption Date**"), at a redemption price equal to 101% of their principal amount, together with interest thereon to the Redemption Date.

## Estimated Sources and Uses of Funds

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

### Sources

Principal Amount of Bonds

*Plus:* Net Premium

*Plus:* Funds Related to Prior Bonds

*Total Sources*

### Uses

Deposit into Escrow Fund <sup>[1]</sup>

Deposit into Senior Reserve Fund <sup>[2]</sup>

Deposit into Costs of Issuance Account <sup>[3]</sup>

Deposit into Construction and Acquisition Fund

Underwriter's Discount

*Total Uses*

[1] Will be used to prepay the Prior Bonds. See "--Refunding Plan" above.

[2] Equals the Reserve Requirement on the date of delivery of the Bonds. See "SECURITY FOR THE BONDS - Reserve Fund."

[3] Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, Fiscal Agent, Financial Advisor, Bond Insurance 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 Agreement.*

### **Authority for Issuance**

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

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

### **Description of the Bonds**

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

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

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

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

United States of America semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing September 1, 2015.

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

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

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

**Redemption**

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

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

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

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

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

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

Term Bonds of _____	
Mandatory Redemption Date (September 1)	Sinking Fund Payment
_____	_____

Term Bonds of _____	
Mandatory Redemption Date (September 1)	Sinking Fund Payment
_____	_____

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

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

**Redemption Procedure by Fiscal Agent.** The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the MSRB, and to the respective registered

Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such Bonds.

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

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

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

Whenever provision is made in the Fiscal Agent Agreement 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 maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

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

### **Transfer or Exchange of Bonds**

*So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "Appendix F."* Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond(s) will be surrendered for transfer or exchange, the County will execute and the Fiscal Agent will authenticate and deliver a new Bond(s), for a like aggregate principal amount of Bond(s) of authorized denominations



and of the same maturity. The County will pay the cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

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

DRAFT

## SECURITY FOR THE BONDS

### General

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

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

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

Amounts in the Costs of Issuance Fund established for Bonds and the Administrative Expense Fund established under the Fiscal Agent Agreement are not pledged to the repayment of the Bonds. The facilities financed with the proceeds of the Prior Bonds are not in any way pledged to pay the debt service on the Bonds. Any proceeds of condemnation, destruction or other disposition of any such facilities are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

### Special Taxes

The County has covenanted in the Fiscal Agent Agreement 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 Agreement provides that the Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

**Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay the Bonds.**

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the Board of Supervisors through the application of the Rate and Method prepared by Economic & Planning Systems, Sacramento, California and a

First Amendment to the Rate and Method, prepared by NBS, Temecula, California (the "**Special Tax Consultant**") and set forth in APPENDIX B hereto for all taxable properties in the District. Interest and principal on the Bonds is payable from the annual Special Taxes to be levied and collected on taxable property within the District, from amounts held in the funds and accounts established under the Fiscal Agent Agreement (other than the Rebate Fund) and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

The Special Taxes are exempt from the property tax limitation of Article XIII A of the California Constitution, pursuant to Section 4 thereof, as a "special tax" authorized by a two-thirds vote of the qualified electors. The levy of the Special Taxes was authorized by the County pursuant to the Act in an amount determined according to the Rate and Method approved by the County. See "Special Tax Methodology" below and "APPENDIX B - Rate and Method of Apportionment for County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan)."

The amount of Special Taxes that the District may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District. The rates are set forth as the annual "**Maximum Special Tax**" in the Rate and Method. Under the Rate and Method, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount, not in excess of the annual Maximum Special Tax. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement 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 Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Rate and Method apportions the Special Tax Requirement (as defined in the Rate and Method and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Rate and Method. See "Special Tax Methodology" below. See also "APPENDIX B - Rate and Method of Apportionment for County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan)."

The County may levy the Special Tax at the annual Maximum Special Tax rate, which has been authorized by the qualified electors within the District, as set forth in the Rate and Method, if conditions so require. The County has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Annual Costs (as defined below). Because each Special Tax levy is limited to the annual Maximum Special Tax rates authorized as set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Special Tax Requirement will in fact be collected in any given year. See "SPECIAL RISK FACTORS — Tax Delinquencies" herein. The Special Taxes are collected for the County by the County 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 for County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan)." As a result of an election of the affected property owners conducted on June 14, 2005, the Rate and Method of Apportionment was amended and restated by Resolution No. 168-2014, adopted by the Board of Supervisors on June 14, 2005, and by a further election of the affected property owners conducted on June 24, 2014, the 2005 Rate and Method of Apportionment was amended (as amended, the "**Rate and Method of Apportionment**") by Ordinance No. 5010, adopted by the Board of Supervisors on July 15, 2014.

Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Rate and Method.

*The discussion below incorporates summaries of certain provisions of the Rate and Method of Apportionment of the Special Tax (the "Special Tax Formula"), the complete text of which appears following the list of authorized Facilities in APPENDIX A. Capitalized terms not otherwise defined herein have the meanings ascribed to them in APPENDIX A.*

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

Pursuant to the Special Tax Formula, the County will prepare a list of the County Assessor's parcels based on the equalized tax rolls as of each January 1 (the "Parcels"). Such rolls reflect ownership of taxable parcels as of January 1 of each year. No Special Tax will be assigned to parcels classified as tax-exempt parcels, i.e. (i) parcels that are, or are intended to be publicly owned and are exempt from the levy of general *ad valorem* property taxes, such as public streets, schools, parks, drainageways, water storage tanks, sewer lift stations, landscaping, greenbelts and open space, (ii) parcels that have paid the Special Tax at the Developed Parcel rate for 30 years, and thus have been classified as "Veteran Parcels," (iii) parcels on which the Special Taxes have been prepaid as described below, and (iv) certain privately owned parcels comprising common areas, wetlands, and open space.

Each year, taxable parcels are divided into (i) developed parcels, being single family residential parcels under an approved final subdivision map, multi-family residential parcels, residential condominium, or commercial land parcels under an approved building permit, and parcels located in Villages 1, 2, 3, 6-2 and 6-3 ("Developed Parcels"), or parcels with an approved Redesignation Request (as of February 2015, Redesignation Request parcels are parcels within Villages 7-1 & 8, Lot D-1 & Lot H), (ii) parcels delineated on a large lot subdivision map ("Large Lot Parcels"), and (iii) parcels in the District that existed at the time of formation of

the District ("Original Parcels"). Developed Parcels classified as commercial and other non-residential uses are assigned a Maximum Annual Special Tax per net acre calculated based on Attachment 1 to the Special Tax Formula. See "APPENDIX A."

Developed Parcels classified as residential - single family are assigned a Maximum Annual Special Tax based on a "per unit" Maximum Annual Special Tax for each residential "village" as shown in Attachment 1 to the Special Tax Formula. Residential multi-family and condominium parcels are assigned a Maximum Annual Special Tax per unit as shown in Attachment 1 of the Special Tax Formula. Large Lot Parcels and Original Parcels are taxed at a different rate on a per gross acre basis as shown in Attachment 1 to the Special Tax Formula. Attachment 1 to the Special Tax Formula establishes the Maximum Annual Special Tax rates for all land uses for the 2001-02 base fiscal year. The Maximum Annual Special Taxes for all parcels are increased annually through the fiscal year beginning July 1, 2016, at a rate of 2% per year.

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

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

The initial Maximum Annual Special Tax as prescribed by the Special Tax Formula, and reflecting the amendments which occurred in 2005 and 2014, is shown below. The Maximum Annual Special Taxes for all parcels are increased annually through the fiscal year beginning July 1, 2016, at a rate of 2% per year.

**Community Facilities District No. 2001-1  
(Promontory Specific Plan)  
Maximum Special Tax Rates**

Area	Max Annual Special Tax		Actual Tax Levy	
	Base Year	FY 2014-15	FY 2014-15	
	Per Unit	Per Unit	Per Unit	In Aggregate
Village 1	\$1,680	\$1,680		
Village 2	1,680	1,680		
Village 3	1,560	1,560		
Village 4	1,800	1,800		
Village 5	1,800	1,800		
Village 6-2	1,800	1,800		
Village 6-3	1,800	1,800		
Village 7-1	1,400	1,400		
Village 7-2	1,800	1,800		
Village 8	1,800	1,800		
Village Center				
Condominiums	600	600		
Multi-family	300	300		
High-Density Residential				
Lot D-1	820	820		
Lot H	820	820		
	<u>Per Acre</u>	<u>Per Acre</u>		
Commercial/Non-Residential	\$4,000	\$4,000		
Large Lot Parcels	2,225	2,225		
Original Parcels	1,850	1,850		
Total				\$0

Source: NBS Government Group

**Prepayment of Special Tax.** Property owners may permanently satisfy the Special Tax obligation of a parcel by a cash settlement with the County as permitted under Government Code Section 53344. The procedure for permanently satisfying the Special Tax obligation is set forth in the Special Tax Formula. See "APPENDIX A."

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

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

## **Levy of Annual Special Tax; Maximum Special Tax**

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

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

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

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

Pursuant to the Fiscal Agent Agreement, 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 Agreement.

## **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 Agreement, in the event that the total amount collected is less than 95% of the total amount of the Special Taxes levied in such Fiscal Year, the County will also, not later than the succeeding December 1, institute civil actions to foreclose the lien of the Special Tax against all delinquent parcels, and thereafter will vigorously prosecute the same to completion.

Pursuant to the Act, the property foreclosed upon may not be sold for less than the amount of the judgment in the foreclosure action (which may include reasonable attorneys' fees, interest, penalties, and other authorized charges and costs), plus postjudgment interest and authorized costs; provided, however, that the County may, based upon certain determinations set forth in the Act, waive delinquent penalties and redemption penalties.

The County has covenanted not to exercise its rights under the Act to waive delinquency and redemption penalties related to or to declare an amnesty program with respect to such delinquency and redemption penalties related to the Special Taxes if to do so would materially and adversely affect the interests of the Bondholders. The County has further covenanted not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an independent certified public accountant that to accept such tender will not result in the County having insufficient Special Tax revenues to pay the principal of and interest on the Bonds that will remain outstanding following such tender.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds (if the Reserve Fund has first been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the County of the proceeds of sale. However, within the limits of the Special Tax, the Board may adjust the



Special Tax levied on all property within the District, subject to the Maximum Annual Special Tax, to provide an amount required to pay interest on and principal of and minimum sinking fund payments for the Bonds, the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Required Bond Reserve, and the amount required to pay all current annual expenses. There is, however, no assurance that the Maximum Annual Special Tax, or that collections of the Special Tax at such Maximum Annual Special Tax rates, will be at all times sufficient to pay the amounts required to be paid by the Fiscal Agent Agreement. See "SPECIAL RISK FACTORS - Maximum Annual Special Tax Rates."

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

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

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the District becomes the purchaser under a credit bid, the District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

**Special Tax Collection and Delinquency Rate**

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

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

Fiscal Year	Total Special Tax Levy	At Fiscal Year End		As of _____ 2015	
		\$ Delinquent	% Delinquent	\$ Delinquent	% Delinquent
2009-10					
2010-11					
2011-12					
2012-13					
2013-14					

Source: NBS Government Group

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

**Special Tax Enforcement and Collection Procedures.** The County could receive additional funds for the payment of debt service through foreclosure sales of delinquent property, but no assurance can be given as to the amount foreclosure sale proceeds or when foreclosure sale proceeds would be received. The County has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described in this Official Statement. See "SECURITY FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

Foreclosure actions would include, among other steps, formal Board of Supervisors action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable special taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

**Limitations on Increases in Special Tax Levy.** If owners are delinquent in the payment of Special Taxes, the County may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified for each category of property within the District. See "SECURITY FOR THE BONDS – Special Tax Methodology." In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other

parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See "SPECIAL RISK FACTORS."

## **Reserve Fund**

In order to further secure the payment of principal of and interest on the Bonds, a Reserve Fund, to be held by the Fiscal Agent, has been established for the Bonds pursuant to the Fiscal Agent Agreement. The Fiscal Agent Agreement provides that, from the proceeds of the sale of the Bonds, an amount will be deposited into the Reserve Fund equal to the Reserve Requirement, and upon delivery of the Bonds, the amount on deposit in the Reserve Fund will be established by depositing proceeds of the Bonds in the amount of the **"Reserve Requirement"** for the Bonds, which is the lesser of 10% of the initial offering price to the public of the Bonds, 100% of maximum annual debt service on the Bonds, or 125% of average annual debt service as of the date of issuance of the Bonds.

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

Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the Fiscal Agent will transfer an amount equal to the excess from the Reserve Fund to the Bond Fund or the Improvement Fund as provided below, except that investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the Federal government to comply with rebate requirements.

Moneys in the Reserve Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment of moneys in the Reserve Fund and other moneys in the Reserve Fund will remain therein until the balance exceeds the Reserve Requirement; any amounts in excess of the Reserve Requirement will be transferred to the Bond Fund to be used for the payment of the principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding 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 Agreement, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding Bonds. If the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding 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 Fiscal Agent Agreement, the County establishes a separate fund to be held by the County, to the credit of which the County is required to deposit, immediately upon receipt, all Special Tax Revenue received by the County. Moneys in the Special Tax Fund will be held for the benefit of the County on behalf of the Owners of the Bonds, will be disbursed as provided in the Fiscal Agent Agreement, as provided below, and, pending any disbursement, are subject to a first lien in favor of the Owners of the Bonds.

**Disbursements.** As soon as practicable after the receipt by the County of any Special Tax Revenues or the transfer of amounts for Administrative Expenses, but no later than 10 business days after such receipt or transfer, the County shall withdraw from the Special Tax Fund and transfer:

- (i) to the Fiscal Agent for deposit in the Bond Fund, (a) an amount necessary to pay any principal or interest on the Bonds paid when due, together with additional interest at rate of the Bonds to the expected date of payment from the date such payment was due, plus (b) an amount, taking into account any amounts then on deposit in the Bond Fund for the Bonds, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next two Interest Payment Dates with respect to Special Tax Revenues received during the period from September 1 through the last day of February in any year, and on the next Interest Payment Date with respect to Special Tax Revenues received during the period from March 1 through the last day of August in any year;
- (ii) to the Fiscal Agent for deposit in the Reserve Fund, an amount, taking into account amounts then on deposit in the Reserve Fund, so that the amount in the Reserve Fund equals the Reserve Requirement; and
- (iii) after the foregoing transfers, any amount remaining in the Special Tax Fund shall be available for any lawful purpose related to the District provided any amounts needed for payment of the Bonds is sufficiently provided for.

**Investment.** Moneys in the Special Tax Fund will be invested and deposited by the County as described in "Investment of Moneys in Funds" below. Interest earnings and profits resulting from such investment and deposit will be retained in the Special Tax Fund to be used for the purposes thereof.

## Bond Fund

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

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

(ii) 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Bonds on the next Interest Payment Date.

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

(iv) In the event that amounts in the Bond Fund are insufficient for such purpose with respect to any Interest Payment Date, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

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

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

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

### **Deposit and Use of Proceeds of Bonds**

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

### **Additional Bonds**

**Additional Bonds.** The County may issue Additional Bonds secured by a lien and charge upon the Special Tax and the respective funds and accounts established under the Fiscal Agent Agreement equal to and on a parity with the lien and charge securing the Outstanding Bonds and any Additional Bonds issued, authenticated and delivered prior thereto pursuant to the Fiscal Agent Agreement and a Supplemental Fiscal Agent Agreement consistent

with the Fiscal Agent Agreement, but only upon satisfaction of specific conditions, which include a condition that the Fiscal Agent shall have received a certificate of the County's special tax administrator to the effect that the following additional conditions are satisfied:

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

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

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

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

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

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

## BOND INSURANCE

***Bond Insurance Policy.*** Concurrently with the issuance of the Bonds, \_\_\_\_\_ ("\_\_\_\_\_" or the "**Bond Insurer**") will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of such Policy included as Appendix G to this Official Statement.

[to come from insurer]

DRAFT

**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.

**COUNTY OF EL DORADO  
Community Facilities District No. 2001-1 (Promontory Specific Plan)  
Special Tax Bonds Series 2015  
Annual Debt Service**

<u>Period Ending (Sept. 1)</u>	<u>Senior Lien Bonds Principal</u>	<u>Senior Lien Bonds Interest</u>	<u>Senior Lien Bonds Total</u>
--	--	---	--

DRAFT

Source: *Stifel, Nicolaus & Co. Inc*



**COUNTY OF EL DORADO**  
**Community Facilities District No. 2001-1 (Promontory Specific Plan)**  
**Special Tax Bonds Series 2015**  
**Debt Service Coverage**

Year Ending (1)	Maximum Special Tax Revenues (2)	Max Tax on Improved Property (3)	Debt Service (4) *	All-In Coverage (5) *
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				

- (1) Revenues presented on a fiscal year ending June 30; debt service presented on the bond year beginning in the fiscal year.
- (2) Total maximum annual special taxes for FY14-15 are \$\_\_\_\_; however, the special tax levy on a residential property can only be increased by 10% due to delinquencies of another property owner. Maximum annual tax revenues increase at 2% annually through FY20xx; declines in revenues result as individual parcels reach their maximum xx year levy.
- (3) Represents tax levy on parcels developed with a residential unit.
- (4) Estimated based on market rates as of \_\_\_\_, 2015.
- (5) Coverage is calculated by dividing Maximum Annual Special Tax Revenues by Bond Debt Service.

\* Preliminary, subject to change

Source: NBS Government Group and Stifel Nicolaus

## THE DISTRICT

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

The District is comprised of a mixed-use planned community of approximately 966 acres known as "The Promontory". The project includes eleven residential villages that provide a variety of housing types. A Village Center is also proposed to be a part of The Promontory that will provide more moderate housing alternatives (i.e. "cluster" housing) to the low density land use components, as well as a small amount of commercial/office land use acreage. As of \_\_\_\_\_, 2015, Standard Pacific Homes was actively marketing a production subdivision of new patio home residences within the Village Center of The Promontory. Base home prices ranged from approximately \$479,000 to \$545,000. Toll Brothers indicated that they were planning to open a sales office to market new luxury homes on their remaining 89 lots in Village 5. [Toll Brothers sold one house since January 1, 2015.] Renasci Homes is under contract to purchase 63 primarily production lots in Village 8, with an anticipated closing in the 4th quarter of 2014 [[UPDATE NEEDED]]. See "- Completed and Anticipated Development" below for a description of the developers.

### Location of the District

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

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

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

The Promontory development is surrounded by completed development or development under construction on all sides, including the Empire Ranch (approximately [3,400] units) development, a master planned development immediately to the west in the City of Folsom. For

more information about development on neighboring properties, see "APPENDIX B – THE APPRAISAL."

### **El Dorado Hills and the Promontory Specific Plan**

***El Dorado Hills.*** The El Dorado Hills population is about 42,100 per the 2010 census, up from 18,000 at the 2000 census. Although primarily a residential community, the area includes a "Town Center" commercial/retail area located at the intersection of Highway 50 and El Dorado Hills Boulevard. Within the southeast quadrant of this interchange there is a Target, a Regal Cinemas 14 IMAX and numerous other retail stores and commercial outlets. A business park (El Dorado Hills Business Park) provides nearby space for businesses that employ about [6,000] and covers 900 acres. The Business Park houses over 200 companies.

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 and is approved for 6,000 homes, but currently projected for 4,700 new homes, 1,000 acres of open space and 50 acres of parklands. In addition, there is proposed retail development within Serrano, in what is referred to as Village Green, a 27-acre center for commercial, retail, restaurant and office development. Approximately 3,154 lots have been built-out by production home builders, and approximately 126 additional lots for production builders remain. To date, 632 custom lots have been sold and 54 custom lots remain currently available. This would leave an estimated 734 single-family lots for future phases, based upon an eventual total of 4,700 homes. As of \_\_\_\_\_, 2015, \_\_\_\_\_ production homes within Serrano were available, starting at \$690,000, with one active subdivision that is nearing completion. Toll Brothers suspended its project in 2011, but has indicated that it intends to re-open its sales office in late September 2014 [[UPDATE NEEDED]].

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 "Water Availability" below.

***The Promontory Specific Plan.*** The District lies entirely within and comprises substantially all of the approximate 1,000-acre Promontory Specific Plan Area other than Village 6-1 (30 units). On November 4, 1997, the Board adopted Resolution No. 253-97 certifying the final Environmental Impact Report for the project described in the Promontory Specific Plan. On the same date, the Board adopted Resolution No. 254-97 adopting a General Plan Amendment for the Promontory Specific Plan Area (hereinafter defined) in conformity with the Promontory Specific Plan. On the same date, the Board adopted Resolution No. 255-97 adopting findings of fact; a statement of overriding considerations; a mitigation monitoring and reporting program for the Promontory Specific Plan; and adopting the Promontory Specific Plan. On the same date, the Board adopted Ordinance No. 4470 rezoning the Promontory Specific Plan Area (hereinafter defined) in conformity with the Promontory Specific Plan. On March 17, 1998, the Board adopted Ordinance No. 4486, approving the Development Agreement with the Developer's predecessors and the Public Facilities Financing Plan incorporated therein. Copies of the Environmental Impact Report, the Promontory Specific Plan, the Development Agreement and the Public Facilities Financing Plan can be reviewed by contacting the Planning Director, County of El Dorado, 2850 Fairlane Court, Placerville, California 95667, telephone: (530) 621-5355.

All subdivision and development approvals, public works projects, and zoning regulations within the District are required to be consistent with the Promontory Specific Plan. The area encompassed by the Promontory Specific Plan consists of approximately 1,000 gross

acres that have received development approvals for up to 1,100 residential units and approximately 5.0 acres for office and commercial uses. All but 30 (Village 6-1) of the residential units and all of the high density residential and commercial property are within the District. Deducting the number of lots from Village 6-1 from the total units permitted (1,100) yields a maximum of 1,070 allowable units for the subject properties. Based on current developer information, approximately 1,070 units are planned for the District, including the Village Center.

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

Set forth below is a land use plan of the Promontory Specific Plan Area. All of the Promontory Specific Plan Area other than Village 6-1 (30 lots), is within the District. Direct sales of custom lots in Villages 6-1 and 6-2 commenced in September 2000 and as of January 1, 2015, \_\_\_\_\_ lots had closed escrow.

**Measure Y – Traffic Impact Fees.** In November 1998, the voters passed an initiative, Measure Y, amending the 1996 General Plan. The initiative added policies to the General Plan which required new development to pay traffic impact fees sufficient to offset all direct and cumulative traffic impacts caused by that development to any highways or streets in the unincorporated areas of the County during weekday peak hour periods. It also added policies prohibiting discretionary approval of any residential project of five or more units if traffic from that project would cause or worsen specified levels of service during the peak hours. Except to the extent exempted by the Development Agreement, development in the District is subject to the general plan policies that were originally enacted by Measure Y and which have now been incorporated into the adopted 2004 General Plan. See “Completed and Anticipated Development – General Plan Update and Litigation” below. [[UPDATE NEEDED]]

[insert Promontory Site Plan or Map]

DRAFT

**Planned Land Uses in the District**

**[Update - Including Update to Table]**

The Promontory development consists of approximately 1,000 gross acres, of which approximately 966 gross acres are in the District. The development consists of 11 residential villages and a "Village Center" consisting of commercial and high-density residential uses. Ten of the residential villages plus the Village Center are within the boundaries of the District and are ultimately subject to the Special Tax. Village 6-1, consisting of 30 lots, has previously been developed into finished custom lots and custom homes and is not in the District. In total, the development is proposed to include (i) 1,100 residential units (including 127 high-density residential units), (ii) approximately [5.0] acres designated for office and commercial uses, and (iii) public use sites, parks, a school site, and open space. The following table summarizes the land use breakdown of the development:

**Community Facilities District No. 2001-1  
(Promontory Specific Plan)  
Land Uses**

Residential Uses	Entitled Units	Completed Homes	Permit Pulled	Finished Lots	Partially Improved	Unimproved Lots	Total
Village 1	94	88		9			97
Village 2	91	65		21		5	91
Village 3	176	164		12			176
Village 4	142	125		17			142
Village 5	124	46			78		124
Village 6-2	90	38		452			490
Village 6-3	35				35		35
Village 7-1	128					24	24
Village 7-2						104	104
Village 8	63						
Village Center							
Lot D-1							0
Lot H							0
<b>Total</b>	<b>943</b>	<b>526</b>	<b>-</b>	<b>511</b>	<b>113</b>	<b>133</b>	<b>1,283</b>
							0

Other Uses                      Acres                      Entitled Square Footage  
Commerical

Tax Exempt Uses                      Acres  
Open Space  
Schools  
Parks  
Major Roads  
Landscape Corridors  
**Total Tax Exempt Uses**

Source: The Developer

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

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

Special Tax Category	Number of Parcels	FY14-15 Assessed Value	Maximum Special Tax	Actual FY14-15 Tax Levy	Percent of Levy
<b>Developed Parcels (1)</b>					
Improved with Completed Homes	527	\$377,315,905	\$1,152,448	\$863,665	58.1%
<b>Designated Developed Parcels (2)</b>					
Vacant Residential	184	25,499,580	423,206	313,522	21.1%
Vacant Rural Residential (3)	8	6,498,719	264,100	162,966	11.0%
Rural Land over 20 Acres (4)	2	1,918,189	195,593	146,582	9.9%
<b>Undeveloped Parcels (3)</b>					
Rural Land over 20 Acres	3	3,338,969	584,141	0	0.0%
<b>Total</b>	<b>724</b>	<b>414,571,362</b>	<b>2,619,488</b>	<b>1,486,735</b>	<b>100.0%</b>

(1) [to come]

(2) [to come]

(3) Vacant Rural Residential properties are properties without a subdivision map

(4) Rural Land over 20 Acres does not include parcels with residential living units

Source: NBS Government Group

**Seismic Zone.** According to the Seismic Safety Commission, the property in the District is located within Zone 3, areas of moderate seismic activity. However, Zone 3 is considered to be the lowest risk zone in California. In addition, the subjects are not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 of the California Department of Conservation, Division of Mines and Geology.

**Flood Zone.** The properties in the District are located in Flood Zone C, described as areas outside the 100-year and 500-year flood plains. This information is according to the Federal Emergency Management Agency Flood Map, Community Panel No. 060040-0700D, revised October 18, 1995.

## MAP

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

[Insert Here: Builder/Developer map from Ryan]

DRAFT



## Completed and Anticipated Development

[2005 text- UPDATE NEEDED]

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

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

*If any developer who holds an interest in a purchase agreement to buy property in the District does not complete the transaction to purchase, the ownership of such property will remain with the non-developer owner of the property. No assurance can be given that such non-developer owner will choose to sell the property to another developer. The non-developer owner is unlikely to develop the property on its own and significant delays in the plan of development referred to herein could occur in such event.*

*Unless otherwise indicated, the information included in this section is derived from the Appraisal (described herein), and from the owners and developers of land within the District. The complete Appraisal is on file with the County and is available for public inspection at the office at the office of the Chief Administrative Officer of the County.*

The District contains approximately 965.7 gross acres of land designated for residential, commercial and supporting public-use developments. Public-use land areas within the District pertain to those land areas set aside for parks, open space, drainage and right-of-way purposes, which areas are not subject to the Special Tax. The residential component of the District contains 1,070 planned dwelling units (943 low-density and 127 high-density) that are at various stages of development. The commercial component (in the Village Center) contains up

to five acres of land which would allow [74,052] square feet of commercial/office development, based upon an assumed 34% FAR. With various merchant builders developing projects within the District, sales of single-family residences are underway.

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

DRAFT

Owner	Village	Number of Lots	Commercial Land (SF)	Status
AKT Promontory (Master Developer)	2C	5		Unimproved
	6-2	24		Improved
	6-3	35		Partially Imp
	7-1	24		Unimproved
	7-2	104		Unimproved
	8	63		Unimproved
	Village Center		[74,052]	Unimproved
CDB Homes (Merchant Builder)	1 (Lot A)	4		Improved
	1	1		
<hr/>				
Toll Brothers (Merchant Builder)	3C	12		Improved
	5	78		Part. Improved
	<b>SUBTOTAL</b>	<b>472</b>		
<hr/>				
Lafayette Investment Co.	4	10		Improved
ADZ Corporation (Custom Homebuilder)	2	2		Improved
Individual Custom Lot Owners	1	5		Improved
	2	19		Improved
	4	7		Improved
	6-2A	428		Improved
	<b>SUBTOTAL</b>	<b>77</b>		
<hr/>				
Individual Homeowners	1	88		Completed Homes
	2	65		Completed Homes
	3	164		Completed Homes
	4	125		Completed Homes
	5	46		Completed Homes
	6-2	38		Completed Homes
	<b>SUBTOTAL</b>	<b>526</b>		
Loss of Lots Through Mergers		1		
	<b>CFD Total:</b>	<b>1,070</b>	<b>[74,052]</b>	

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

**Map Status.** A large lot final map identifying village boundaries for Villages 1 through 5 and Village 6, Phase 2 was recorded on December 13, 2000. A condition of the large lot final map is that final maps be recorded for each village or portion thereof prior to the issuance of building permits for the lots or parcels within the village. Tentative maps have been filed with the Clerk of the Board with respect to all or portions of nine of the eleven villages in the Development (being eight of the ten villages within the District). The tentative map for Village 2, which includes Village 2C is in the process of being extended. A tentative map for Village 7-1 is in the process of being prepared and submitted to the County. Village 7-2 does not yet have a tentative map. Final maps creating ultimate residential or village lots have been recorded for Villages 1, 2 (except for 2C), 3, 4, 5, 6-1 and 6-2, as well as Lot H in the Village Center. Villages 2C, 6-3, 7-1, 7-2, 8 and Lot D do not yet have final maps. In order to obtain the final map required for each additional village or portion thereof, the Developer must substantially comply with all of the conditions of the applicable approved tentative map. Such conditions include the provision of required infrastructure and water. Each approved tentative map, including the conditions that must be met before a final map can be recorded, is a matter of public record and can be examined by contacting the Planning Director, County of El Dorado, 2850 Fairlane Court, Placerville, California 95667, telephone: (530) 621-5355.

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

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

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

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

See "THE DEVELOPMENT AND THE PLAN OF FINANCING - Water Availability" for a description of water available for the Development. See also "SPECIAL RISK FACTORS -

Failure or Inability to Complete Proposed Development on a Timely Basis," " - Concentration of Property Ownership" and " - Future Land Use Regulations."

Set forth below is a table indicating relevant information concerning each existing approved tentative subdivision map and recorded final subdivision map in the event that any investor wishes to examine the public record:

<u>Village</u>	<u>Tentative Map Reference Numbers</u>	<u>Date of Approval of Tentative Subdivision Maps</u>	<u>Final Subdivision Map Status</u>
1, 2, 3, 4 & 5	TM98-1356	12/14/99	Recorded maps for Villages 1, 5, except 2C
6-1 & 6-2	TM97-1333	10/20/98	Recorded maps for Villages 6-1 and 6-2
8	TM13-1513	01/23/14	[Being Prepared]
Lot D-1	TM13-1512	01/09/14	[Being Prepared]
Lot H	TM06-1423	12/14/06	Recorded

**[General Plan Update and Litigation.** In 1989, the El Dorado County Board of Supervisors initiated work on a new County General Plan. The new General Plan was ultimately adopted on January 23, 1996, superceding a program of Area Plans covering most of the County. On February 5, 1999, the Superior Court, County of Sacramento, in the matter of *El Dorado County Taxpayers for Quality Growth, et al. v. El Dorado County Board of Supervisors and El Dorado County*, ruled that, in certain respects, the County failed to comply with the California Environmental Quality Act (CEQA) in the adoption of its 1996 General Plan. Consequently, certification of the General Plan CEQA Environmental Impact Report (EIR) and adoption of the General Plan were set aside and the County's land use authority was defined by the terms of a writ of mandate, which, among other things, suspended the County's authority to issue discretionary land use approvals or entitlements for residential development. However, the writ provided that the County may continue to issue discretionary approvals for residential development if the development is subject of a development agreement entered into prior to the issuance of the writ which vests the right to develop. To address the Court's findings, the County prepared a new General Plan, which was adopted on July 19, 2004, however the County could not implement the 2004 General Plan until the Superior Court lifted the writ. Subsequent to adopting the 2004 General Plan, the petitioners filed objections and sought to defeat the discharge of the writ. The matter was briefed and argued in Sacramento Superior Court on June 24, 2005. On or about September 8, 2005, the court issued its order rejecting the petitioners' objections and discharging the writ. In early October, 2005, the County deemed the order to be final (at the trial court level) and writ to have no further force and effect, and the County began processing development projects under the new General Plan.

The petitioners have filed a notice of appeal of the trial court's decision to the Court of Appeal. It is likely that the appeal, if fully litigated, could take up to a year or more to resolve. At this time It is impossible to determine if an appeal will be pursued, and if so, the outcome of the appeal and the impact, if any, on future development, however the Development Agreement for the land in the District was entered into prior to the issuance of the writ and therefore development in the District was not adversely affected by it while it was in effect. Additionally, a referendum petition was filed requiring the adopted general plan to be put to a vote of the people, and on March 8, 2005, the voters of the County confirmed the Board of Supervisors' action adopting the 2004 General Plan.][Update if necessary]

**Utilities.** Public utilities, including electricity, natural gas, water and telephone service, are available to property in the District. Although development in El Dorado Hills is challenged by water availability, the 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 Services District  
 Water and Sewer: El Dorado Irrigation District  
 Electricity and Gas: Pacific Gas & Electric  
 Telephone: Pacific Bell

**Development Status Summary.** As of January 1, 2015, entitlement status for property in the District is as follows:

**El Dorado County  
 CFD No. 2001-1 (Promontory)  
 Entitlements**

<u>Village</u>	<u>Reference #</u>	<u>Tentative Map</u>		<u>Final Map</u>
		<u>Date of Approval</u>	<u>Expiration</u>	<u>Status</u>
1	TM98-1356	12/14/99		Recorded
2	TM98-1356	12/14/99		Not 2C
3	TM98-1356	12/14/99		
4	TM98-1356	12/14/99		
5	TM98-1356	12/14/99		Recorded
6-1	TM97-1333	10/20/98		Recorded
6-2	TM97-1333	10/20/98		Recorded
7				
8	TM13-1513	1/23/14		
Lot D-1	TM13-1512	1/9/14		
Lot H	TM06-1423	12/14/06		Recorded

Source: *The Developer*

As of January 1, 2015, homebuilding activity in the District is summarized as follows [Update from Appraiser]:

<u>Developer</u>	<u>Lot or Village</u>	<u>Number of Lots</u>	<u>Status</u>
Individual Homeowners	1(Lot A),1,2,3,4,5,6-2, 6-3	526	Completed Homes
Standard Pacific Homes	Lot D-1 & Lot H	127	Part. Improved
Toll Brothers	3C, 5	90	Part. Improved
Individual Custom Lot Owners	1,2,4,6-2	59	Lot Improvements
Lafayette Investment	4	10	
ADZ Corporation	2	2	Lot Improvements

**Standard Pacific Homes.** Standard Pacific Homes is currently offering 58 homes in its 127-unit "Villagio at the Promontory" project, with homes ranging in size from 2,226 to 2,683 square feet and base prices ranging from \$479,000 to \$531,000. The typical lot size of this project is 3,500 square feet. Sales began in April 2014 and as of January, 2015, \_\_\_\_ homes had been sold or were under contract for sale to homeowners.

[[ RE: Lot D-1: Sitework estimated to be complete late November, final map will need to be recorded prior to Feb 2015 as we are currently scheduled to start home construction then; planning approximately 50 attached units and 13 detached...]]

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

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

**Toll Brothers.** Toll Brothers expects to re-open a sales office and begin offering homes again in late September on its remaining 89 lots in its 136-unit "Villa Lago" project, with homes ranging in size from approximately 3,000 to 4,500 square feet and base prices ranging from the \$700,000's to the \$800,000's. The typical lot size of this project is 25,000 square feet. Sales originally began in December 2004 and 46 homes had been sold prior to closing their sales office in 2011.

Toll Brothers is a builder of luxury homes and is currently building in Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Texas, Virginia, and Washington. Toll Brothers, Inc., is the successor to three generations of home builders and is a publicly owned company whose stock is listed on the New York Stock Exchange (NYSE:TOL)

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

**Renasci Homes.** Renasci Homes is under contract to purchase 54 production home lots and 9 custom home lots in Village 8 with a scheduled closing date in the [[4th quarter of 2014]]. Renasci Homes plans to construct intract improvements, record final subdivision maps and

commence model home construction in 2015. Production lot sizes will range from about 6,700 to 20,000 square feet, while the custom lots will range from 30,000 to 60,000 square feet. Renasci Homes is based in Agoura Hills, California. While a relatively new home building company, the four members of its Executive Leadership team have more than 100 years of combined homebuilding experience in California and the Southwest.

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

### Developer Marketing and Lot Sales

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

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

### Water Availability [Update to Entire Section Needed]

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

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



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

### **The Development Agreement**

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

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

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

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

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

Concentration of Property Ownership" and " - Failure or Inability to Complete Proposed Development on a Timely Basis."

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

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

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

[In accordance with the Public Facilities Financing Plan, an elementary school site was reserved for the Rescue Union School District (the "School District"). A condition of approval of the Promontory Specific Plan is that an agreement be in place between the landowner and the School District regarding the acquisition and development of the site prior to approval of the first tentative map within the School District's boundaries. Such an agreement was entered into on February 23, 1999. The school site was acquired by the School District on July 25, 2002 and the Lakeview Elementary School was completed and opened in [2005]. Financing of other school facilities is to be through the payment of school impact fees, collected at the time of building permit issuance.]

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

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

California Government Code Section 65457 exempts from subsequent CEQA requirements any residential development project consistent with a specific plan for which an environmental impact report has been certified after January 1, 1980 unless (i) substantial changes are proposed in the project which will require major revision of the EIR, (ii) substantial changes occur with respect to the circumstances under which the project is being undertaken which will require major revisions in the environmental impact report, or (iii) new information, which was not known and could not have been known at the time the EIR was certified as

complete, becomes available. If any of the above circumstances occur, preparation of a supplemental environmental impact report would be required, and a delay could occur in construction. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis."

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

### Services

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

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

## THE IMPROVEMENTS

### Eligible Facilities

The Bonds will provide a funding source to the Developer for moneys expended for a portion of the cost of the Improvements and for certain developer fees paid or to be paid by the homebuilders.

The net proceeds from the 2015 Bonds will be used to finance acquisition by the County or EID, as applicable, of certain completed on and off-site public infrastructure improvements required for development within the District (collectively, the "2015 Improvements") as more fully described below. The 2015 Improvements represent a portion of all those public facilities (the "Facilities") that the Resolution of Formation authorizes to be financed with proceeds of the Series 2002 Bonds, the 2015 Bonds and Additional Bonds and special tax proceeds of the District. The 2015 Improvements will be acquired pursuant to the Acquisition and Disclosure Agreement between the District and the Developer (the "Acquisition Agreement") approved pursuant to Resolution No. 056-2002, adopted by the Board on February 26, 2002, regarding acquisition procedures for the Facilities.

The 2015 Improvements and a cost breakdown for the 2015 Improvements are set forth below [Update Table Needed].

<u>Improvement Description</u>	<u>Estimated Total CFD Amount</u>	<u>Series 2002 Amount</u>	<u>Series 2005 Amount</u>
Sophia Parkway, Green Valley Road to Alexandra (North)	\$ 1,698,613	\$715,892	\$ 982,721
Sophia Parkway, Alexandra (North) to Alexandra (South)	639,000	-	639,000
Sophia Parkway, Alexandra (South) to Southernmost crossing into Folsom	4,256,000	-	759,042
Brittany Way, Northern Boundary to Road Ambiance Way	215,855	90,974	124,881
Ambiance Way, Elmores Way to Brittany Way	275,937	116,296	159,641
Elmores Way, Sophia Parkway to Ambiance Way	1,215,852	512,429	703,423
8" Water Line from Amy's Lane to Village 1	85,085	35,860	49,225
10" Water line from Northern Boundary at Brittany Way to Village 3	149,357	62,948	-
4" Force Main from Lift Station III, S. along Sophia Parkway	79,849	33,653	46,196
Sophia Parkway, Elmores Way to Alexandra (North)	298,452	125,785	172,667
Sophia Parkway, Alexandra Way(North) to Alexandra Way (South)	251,328	105,924	145,404
Brittany Way, Northern Boundary to Ambiance Way	125,664	-	72,702
Ambiance Way, Elmores Way to Brittany Way	141,372	52,962	81,790
Elmores Way, Sophia Parkway to Ambiance Way	345,576	59,582	199,931
Sewer and Water Fees	19,150,278	5,884,723	3,176,966
Weber Dam Contribution	1,372,355	1,372,355	-
<b>TOTALS</b>	<b>\$16,715,026</b>	<b>\$9,315,026</b>	<b>\$7,400,000</b>

**Developer Infrastructure Expenditures.** The following table presents recent estimates of master developer funding which (i) through \_\_\_\_\_, 2015 have been expended on public and private infrastructure for development of the District, and (ii) will be required after such date for completion of all required public and private infrastructure for the development. Such infrastructure consists of the authorized Facilities, together with all other public and private infrastructure required pursuant to the Development Agreement and the Promontory Specific Plan to be in place in order that final maps may be recorded for each village so that building permits may be issued and individual lot sales may take place. [The infrastructure for Village 6-1 (which is not in the District) has been completed and a final map has been recorded. Infrastructure construction is substantially completed on Lot H, 50% complete on Village 5, and is completed in Villages 1, 3, 4, 6-2 and all but 5 lots in Village 2. Infrastructure construction has

not yet commenced on Villages 6-3, 7-1, 7-2, and 8, or Lot D-1. For information concerning construction and lot sales to date, see "Infrastructure Constructions to Date" and "Developer Marketing and Lot Sales" above.

Development in the District is expected to occur over several years and the cost and funding estimates will necessarily change over time. The Developer has covenanted to update the table below in the Developer Report until such time as the Developer's reporting obligations under its Continuing Disclosure Certificate terminate. See "APPENDIX E - FORM OF CONTINUING DISCLOSURE UNDERTAKINGS."

**Infrastructure Construction Activity to Date**

[UPDATE - Set forth a summary prepared describing construction activity as of end of 2014. Specify as to villages within which construction has not yet commenced]

The net proceeds from the 2002 Bonds in the approximate amount of \$9.25 million and from the 2005 Bonds in the approximate amount of \$6.75 million were used to finance acquisition by the County or EID of certain completed on and off-site public infrastructure improvements required for development within the District, and represented a portion of all the Facilities authorized for the District. All of the Facilities constructed with proceeds of the 2002 and 2005 Bonds have been completed and acquired by the County or EID.

DRAFT

**Community Facilities District No. 2001-1  
Estimated Funding Sources and Uses for Infrastructure and Site Work**

[DROP-IN EXHIBIT "I" FROM MOST RECENT DEVELOPER ANNUAL REPORT]

DRAFT

## OWNERSHIP OF PROPERTY IN THE DISTRICT

*The information contained in this section does not guarantee that property ownership will not change or that the current or any subsequent property owners will pay the Special Tax when due. In fact, the Developer contemplates that ownership of significant portions of the taxable property within the District will change, as more fully described herein under "THE DEVELOPMENT AND THE PLAN OF FINANCING - Marketing and Lot Sales." The Special Tax will constitute a lien on parcels subject to taxation within the District and not a personal indebtedness of the owners of property within the District.*

**ALL INFORMATION IN THIS SECTION HAS BEEN PROVIDED BY THE MASTER DEVELOPER, AKT DEVELOPMENT OR RUSSELL-PROMONTORY, OR BY MERCHANT BUILDERS IN THE DEVELOPMENT, AND THE COUNTY CANNOT ENSURE ITS COMPLETENESS OR ACCURACY.**

Ownership or control of property in the District subject to the Special Tax as of January 2015 is summarized as follows:

<b>Home Builder or Owner</b>	<b>Residential Units</b>	<b>Commercial Acreage</b>	<b>Maximum Special Tax <sup>(1)</sup></b>	<b>Percent of Total</b>
Villages 1, 2, 3, 4, 5, 6-2, Lot N - Individual Owners	598		[\$1,197,155 ]	53.0%
Russell-Promontory, LLC (V7-1, V7-2, V8 & Lot D)	191	3.0	[458,195]	20.3%
AKT Promontory, LLC (V2C, V6-2 & V6-3)	64		[265,603]	11.7%
Toll Brothers, Inc. (V5)	89		[204,907]	9.1%
Standard Pacific Corp. (Lot D-1 & Lot H)	127		[134,716]	6.0%
<b>Total</b>	1,069		[\$2,260,578]	100.0%

<sup>(1)</sup> Maximum Special Tax based on 2014-15 rates.

Russell Ranch Partnership, Angelo K. Tsakopoulos, and Helen and Jack Mixon were the owners of the property that now comprises the District when the Development Agreement was executed. Angelo K. Tsakopoulos sold portions of his interest in the property to Konstantinos Constantacopoulos, Achillees Constantacopoulos and Christos Constantacopoulos, while Helen and Jack Mixon contributed their interest into Russell Ranch Partnership. These interests in the property were all subsequently contributed into a new entity called Russell-Promontory on August 18, 1998. The separate interests of Konstantinos, Achillees and Christos Constantacopoulos within Russell-Promontory have since been contributed into Arkal Holdings, LLC, Nola Holdings, LLC and Nileas Holdings, LLC. Additionally, the interests of Helen and Jack Mixon within Russell Ranch Partnership have subsequently been acquired by Angelo K. Tsakopoulos. The original parties to the Development Agreement assigned to Russell-Promontory their rights under the Development Agreement and notified the County of the assignment in accordance with the provisions of the Development Agreement. All subsequent transfers by Russell-Promontory and/or AKT Promontory of developable property were accompanied by an assignment of the Development Agreement and a notice to the County of such assignment and transfer. For information concerning the Developer, AKT Development and Russell-Promontory, see "The Developer, AKT Development and Russell-Promontory" below.

### **The Developer, AKT Development and Russell-Promontory**

The Developer is AKT Promontory LLC, a California limited liability company and at the time of its formation was a wholly owned subsidiary of AKT Development Corporation ("AKT Development"), a California corporation incorporated in 1983. AKT Development conveyed all of its membership interest in Developer to Russell-Promontory on \_\_\_\_\_.

AKT Promontory LLC was formed on March 13, 2001, as a single purpose entity for the purpose of functioning as the Developer of the Development.

AKT Development is a land development company located in Sacramento, California that currently focuses on the development of master planned residential communities. AKT Development's major projects have included, in addition to its participation in the Development, the development of Laguna Creek, an approximately 3,900-acre master planned community in Sacramento, California; Willow Creek Estates and Lexington Hills, which together constitute an approximately 1,200-acre mixed-use development in Folsom, California; Olympus Pointe, an approximately 936-acre mixed-use development in Roseville, California; Natoma Station, an approximately 483-acre master planned community in Folsom, California; Laguna West, an approximately 1,000 acre master planned community in Sacramento County; Silver Springs, an approximately 1,100 acre large lot residential community surrounding a public golf course in southern Sacramento County; Northpointe, an approximately 946 acre community within the overall North Natomas Community of the City of Sacramento; Stoneridge West, an approximately 429-acre master planned community that is an extension of Olympus Pointe in Roseville, California; Stonelake, an approximately 452-acre master planned community with a private club facility in southern Sacramento County; Euer Ranch-Carson Creek, an approximately 700 acre residential development in El Dorado County; Blackstone, an approximately 964 acre planned residential development in El Dorado County, and Anatolia, an approximately 1,226 acre planned residential community in the Sunrise-Douglas area of the City of Rancho Cordova. Some of these developments are more fully described below.

Angelo K. Tsakopoulos, the founder of AKT Development, is also its Chairman and sole shareholder. Angelo K. Tsakopoulos has been responsible for management and control of the Company's operations, with a focus on long-range planning; acquisitions, project development, project construction and sales. Mr. Tsakopoulos has been involved in the real estate industry in the Sacramento region for over 40 years. During the last two decades, Mr. Tsakopoulos and his partnerships have developed land projects on which have been built more than 40,000 homes and over 30 million square feet of office, commercial and industrial space.

A major landowner within the Development is Russell-Promontory. Russell-Promontory has been an investor/landowner in the Development and, with the exception of 12 lots within Village 3, has sold all of Villages 1, 2, 3, 4, 5, 6-1, 6-2 and 6-3, as well as a school site and park site to AKT Development, which in turn has constructed the infrastructure to allow the sale of production and custom lots to merchant homebuilders, custom homebuilders, and individual lot buyers. In 2001, AKT Development contributed all of its interest in the Promontory into AKT Promontory and was the sole member of this entity. AKT Promontory has assumed the role of "Developer" for the Development.

Russell-Promontory is comprised of the following owners with the following interests:

Arkal Holdings, LLC	14.000%
Nola Holdings, LLC	14.000%
Nileas Holdings, LLC	14.000%



Russell Ranch, a California limited partnership	24.173%
Angelo K. Tsakopoulos	33.827%
<u>TOTAL for Russell-Promontory</u>	<u>100.000%</u>

Russell Ranch is comprised of the following owners with the following interests:

AKT Development (Managing General Partner)	2.480%
Angelo K. Tsakopoulos (Managing General Partner)	48.700%
Others (Limited Partners)	48.820%
<u>TOTAL for Russell Ranch</u>	<u>100.000%</u>

**Similar Projects Undertaken by AKT Development and Angelo K. Tsakopoulos**

Projects undertaken by AKT Development and Angelo K. Tsakopoulos of a nature similar to the Development include the following:

*Stonelake:* This project is an approximately 452-acre master planned community in the City of Elk Grove in southern Sacramento County that is designed to include approximately 1,463 single family lots, 463 apartments, 25-acres of commercial uses, 17-acres of office uses, an elementary school site, parks, a private club facility, and a detention basin/duck pond. All construction for the project was substantially completed by early 2005. All 1,463 single-family lots were sold to homebuilders, and all of the homes were substantially sold-out by early 2004. Portions of the commercial and all of the office space have also been sold.

*Laguna West:* This project is an AKT Development master planned lake community that is approximately 1000-acre in size. This project received both national and international attention for its new urbanism design. It is fully entitled, and all roadways and underground utilities have been installed. The project consists of nearly 2,300 single family lots, approximately 200 acres of light industrial land (including Apple Computer), commercial, office, apartments, an elementary school, day care facilities, parks, a community center, and a 74-acre man-made lake. The master developer has sold substantially all of its land within this project.

*Stoneridge West:* This project is a mixed-use project that is a part of the overall Stoneridge Specific Plan Area in the City of Roseville. The entitlements were obtained, and the backbone infrastructure was delivered for Stoneridge West by AKT Development. The project is planned for approximately 850 single-family lots, 408 apartments, 40 acres of commercial and office use, a church, a hospital, a school, a fire station, and several parks and open spaces along Miner's Ravine and False Ravine.

*Northpointe Park:* This project, which is located in the North Natomas community of the City of Sacramento, consists of approximately 945.7 acres, of which approximately 791.5 is developable acreage (including roads). The developable uses include entitlements for approximately 3,521 lots on approximately 598.1 acres of single family land, 1,968 units on approximately 126.1 acres of multi-family land, approximately 21.5 acres of commercial land, approximately 37.7 acres of land for schools, and approximately 8.1 acres designated for day care sites, a fire station and a community center. The approximate percentage of acreage for the various land uses are 82% for residential use, schools, day care, fire station and community center; 2% for commercial use; and 16% for parks and open space. The southern half of this project was sold to Lennar-Renaissance, and several builders are currently constructing and

selling homes. The northern half of the property was recently transferred to a limited liability company of which Lennar Homes is the managing member. The new company intends to develop the property and sell lots to homebuilders and others.

*Anatolia:* This property is an approximately 1,226 acre mixed-use property within the Sunridge Specific Plan Area of the City of Rancho Cordova. The project has Specific Plan entitlements, and has tentative maps for all but about 200 units of single family residential known as Anatolia IV. The project is planned to include approximately 3,112 single family homes, 100 apartments, 26-acres of commercial, schools, parks, detention basins, and an approximately 485-acre on-site wetland preserve. Nearly all of the single family residential lots have either been sold or are under contract. Subdivision improvements have been completed for roughly 3/4ths of the lots and more than 1200 single family building permits have been issued to date.

### **AKT Development's Previous Experience with Community Facilities Districts**

In addition to the Prior Bonds for the Promontory project, AKT Development has had extensive experience in utilizing Mello-Roos financing for its development projects. Below is a summary of such projects, where AKT Development played a lead or primary role in the formation of a community facilities district, and where special tax bonds were publicly sold:

Project	Bonds Sold	Bond Amount	Comments
Laguna Creek – Sacramento County	1987	\$35,700,000	Master Developer
Laguna Creek – Sacramento County	1992	35,620,000	Refunding
Willow Creek – City of Folsom	1987	10,050,000	Master Developer
Willow Creek – City of Folsom	1997	6,320,000	Refunding
Olympus Pointe – City of Roseville <sup>(1)</sup>	1988	27,375,000	Master Developer
Olympus Pointe – City of Roseville <sup>(1)</sup>	1991	14,040,000	Master Developer
Natoma Station – City of Folsom	1989	22,080,000	Master Developer
Natoma Station – City of Folsom	1997	19,000,000	Refunding
Laguna West – Sacramento County	1990	34,000,000	Master Developer
Laguna West – Sacramento County	1997	31,980,000	Refunding
Laguna Stonelake – Sacramento County	1999	13,025,000	Master Developer
Stoneridge Parcel 1 – City of Roseville	2000	2,000,000	Master Developer
Stoneridge West – City of Roseville	2001	12,995,000	Master Developer
Sunridge Anatolia – City of Rancho Cordova	2003	23,415,000	Master Developer
Blackstone – El Dorado County	2005	32,655,000	Master Developer

(1) Separate Districts.

**[[Update for Anatolia 2005 (\$14,660,000 MD), 2007 (\$20,695,000 MD)]]**

### **Developer Finances**

**General.** Set forth below is certain information concerning the Developer and its sources of financing. Such information is provided herein because it is viewed by certain investors as a component of the information necessary for a complete evaluation of the 2015 Bonds as an investment. However, neither the Developer, Russell-Promontory, nor any of their owners or related entities will be personally liable for payment of the Special Tax on property owned by the Developer or Russell-Promontory. Investors will not have recourse against the Developer or Russell-Promontory, any of their loan agreements, or any of their owners or related entities in the event that the Developer or Russell-Promontory elects, for business reasons or otherwise, not to pay the Special Tax when due. The only remedy for failure by the

Developer or Russell-Promontory to pay their Special Taxes when due will be foreclosure against the delinquent parcels. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS - Special Tax" and " - Delinquent Payments of Special Tax; Covenant for Foreclosure."

**Bank Loan Agreements.** Neither Developer nor Russell-Promontory have any outstanding Bank Loan Agreements on any of their property within the District. This information has been supplied by the Developer, and no representation is made by the County or the Underwriter as to its completeness or accuracy.

**Promissory Notes between Russell-Promontory & AKT Promontory.** There are promissory notes that Russell-Promontory took back upon the sale of portions of The Promontory to AKT Development, as well as an offsetting note, whereby AKT Development loaned funds to Russell-Promontory. However, all of AKT Development's interest in these notes were subsequently acquired by AKT Promontory. Additionally, AKT Promontory is now a wholly owned subsidiary of Russell-Promontory, so the prior loans are now solely between the parent and wholly-owned subsidiary entities.

Although the only asset of any owner of real property subject to the Special Tax securing the 2015 Bonds is such real property, the overall financial condition of the owner may affect the owner's willingness or ability to pay the Special Tax when due. Failure of the Developer to meet its cash flow projections is one factor that could affect the overall financial condition of the Developer, and thereby may affect the Developer's willingness or ability to pay the Special Tax when due, or to further develop the property in preparation for sale to other owners. For additional information concerning risk factors, see "SPECIAL RISK FACTORS - Concentration of Property Ownership" and " - Failure or Inability to Complete Proposed Development on a Timely Basis."

#### **ESTIMATED VALUE OF PROPERTY IN THE DISTRICT**

*The value of the land within the District is a critical factor in determining the investment quality of the 2015 Bonds. If a property owner defaults in the payment of the Special Tax, the County's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. A variety of economic, political, and natural occurrences incapable of being accurately predicted can affect land values. See "SPECIAL RISK FACTORS - Land Values."*

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

In connection with valuing property in the District, the County has obtained the 2013-14 County assessed valuation (the "**Assessed Valuation**") of the property in the District; however

in order to provide a more accurate valuation of certain undeveloped parcels in the District the County ordered an appraisal of such land.

**Assessed Valuation**

The County has obtained the “full cash” assessed values of all of the taxable parcels in the District, as established by the County Assessor for Fiscal Year 2014-15. The 2014-15 County assessed valuation of property in the District is \$414,571,362.

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

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

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

*Source: NBS Government Group*

[[As to the parcels which are on the tax roll as unimproved but construction is completed but not yet reflected on the tax roll, the County has utilized the amount reported by an independent data reporting service (based on the sale price of the new home when transferred from the homebuilder to the homeowner) to determine value, which value is \$\_\_\_\_\_ for property which has a 2014-15 assessed value of \$\_\_\_\_\_. Assessed value of these properties for fiscal year 2015-16 is expected to closely approximate the increased value due to construction of homes. ]]

Due to the recent and ongoing nature of development of homes in the District, the County assessed valuations are not in all cases reflective of most current development status, as is the case with certain properties in the District. As provided by Article XIII A of the California Constitution, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, which ever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the County only upon a change of at least 51% ownership of existing property or upon new construction. The assessed values of parcels in the District thus reflect, for undeveloped parcels, the estimate of the County Assessor (the "Assessor") of market value when acquired (or 1975, whichever is later), possibly increased by 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, possibly increased by 2% per year. The actual market value of parcels in the District, if sold at foreclosure, may be higher or lower than the Assessor's assessed values, depending upon the date of the Assessor's most recent assessment. The actual fair market value of any parcel can often be more accurately established through an arms-length sale or an appraisal by an independent appraiser.

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

## **The Appraisal**

The County ordered preparation of an appraisal report dated August 22, 2014 (the "**Appraisal**"), of the "not less than" estimated market values as of July 19, 2014, of undeveloped parcels within the District. The Appraisal was prepared by Bender Rosenthal, Inc., Sacramento, California (the "**Appraiser**"). The Appraisal is set forth in APPENDIX C hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety.

The appraised properties comprise the undeveloped residential lots within the District not improved with a single-family residence, which total \_\_\_\_ separate Assessor's parcels, 301 of which are finished single-family residential lots. The Appraisal determines a cumulative, or aggregate, value estimate for the appraised properties for the individual ownerships, under the assumptions and conditions cited in the Appraisal. [The approximate \$\_\_\_\_ million estimated cost of remaining infrastructure work for \_\_\_\_ is not assumed to be in place in arriving at the value estimate. The cumulative, or aggregate, value of the District accounts for the impact of the lien of the Special Tax securing the County's bonds. The effective date of the value is \_\_\_\_\_, 2014. The Appraiser's estimate of value is \_\_\_\_\_. As a result of the Appraiser's analysis, it is 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 \$\_\_\_\_\_. See Table 5 following this section for allocation of the value among ownership.

The value estimate assumes a transfer would reflect a cash transaction on terms that are considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest and assuming that neither is under duress.

The Appraiser used the sales comparison approach to value was used to determine the market value of each developable land use component comprising the appraised property (production-oriented residential lots and estate lots). The data set and other market indicators was utilized to establish the incremental value difference between each of the lot groupings larger and smaller than the typical lot size used for analysis. A discounted cash flow analysis was relied upon in the valuation of the remaining lots held by the Current Developer. Typically, the sales comparison approach is most pertinent when valuing land, single-family homes and small, owner-occupied commercial and industrial properties. The cumulative, or aggregate, value of the appraised properties represents the sum of the value estimates concluded for each ownership interest, which is not equivalent to the market value of the District as a whole. See "APPENDIX B – APPRAISAL OF CERTAIN PROPERTY IN THE DISTRICT."

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

The Appraiser has assumed that there is no hazardous material on or used in the construction or maintenance of any improvements on the property that would cause a loss in value. Should future conditions and events reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See "SPECIAL RISK FACTORS — Future Land Use Regulations and Growth Control Initiatives" and "— Hazardous Substances" below. See "APPENDIX B — APPRAISAL OF CERTAIN PROPERTY IN THE DISTRICT" hereto for a description of certain assumptions made by the Appraiser. Accordingly, because the Appraiser arrived at an estimate of market values based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

**Projected Absorption Period.** The Appraisal estimated that the absorption period for the single family residential property appraised will be \_\_\_\_\_ units per month. This is an estimate based upon sales trends in \_\_\_\_\_.

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

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

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

The complete Appraisal is on file with the County and is available for public inspection during the initial marketing period from Stifel Nicolaus & Co, San Francisco, California. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

## 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 "BONDOWNERS' RISKS - 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 Appraisal sets forth the estimated value, by ownership, of 318 undeveloped parcels subject to the Special Tax lien to be \$\_\_\_\_\_ subject to the limiting conditions stated therein. (See "The Appraisal" above and Exhibit B hereto.) For parcels subject to the Special Tax and not included in the Appraisal, the 2013-14 County assessed valuation is \$\_\_\_\_\_, for a total value estimate of \$\_\_\_\_\_. The principal amount of the 2015 Bonds is \$\_\_\_\_\_. Consequently, the estimated discounted bulk sale value, subject to the Special Tax lien, of the real property within the District, is approximately \_\_\_\_\_\* times the principal amount of the outstanding principal amount of Bonds.

\* Preliminary, subject to change.

The following table summarizes the value-to-debt burden of property in the District against the Bonds, based on the fiscal year 2013-14 assessed valuations.

DRAFT



**El Dorado County  
Community Facilities District No. 2001-1  
Top Property Owners by Levy Amount**

Owner			FY 14-15 Assessed Value			FY14-15 Tax Levy	% of Tax Levy	Allocable Par (3)	VTL Ratio	
	Parcels	Lots (1)	Land Value	Structure Value	Total Value					
AKT Promontory	36	255	\$ 8,250,662	\$ -	\$ 8,250,662	\$ 967,527	\$ 248,724	16.7%	\$ 4,182,381	2.0
Toll Brothers (2)	92	89	11,300,648	2,116,327	13,416,975	210,496	157,750	10.6%	2,652,619	5.1
Standard Pacific (3)	2	127	5,100,623	-	5,100,623	134,716	100,959	6.8%	1,697,667	3.0
Lafayette Investments	10	10	1,235,579	-	1,235,579	23,285	17,450	1.2%	293,432	4.2
<b>Subtotal</b>	<b>140</b>	<b>481</b>	<b>\$25,887,512</b>	<b>\$2,116,327</b>	<b>\$28,003,839</b>	<b>\$1,336,024</b>	<b>\$524,883</b>	<b>35.3%</b>	<b>\$8,826,099</b>	<b>3.2</b>
Individual Property Owners										
Unimproved Lots	61	61	11,972,593	-	11,972,593	140,330	105,166	7.1%	1,768,412	6.8
Completed Homes (4)	523	523	109,058,151	265,536,779	374,594,930	1,143,134	856,686	57.6%	14,405,489	26.0
<b>Subtotal</b>	<b>584</b>	<b>584</b>	<b>\$121,030,744</b>	<b>\$265,536,779</b>	<b>\$386,567,523</b>	<b>\$1,283,465</b>	<b>\$961,852</b>	<b>64.7%</b>	<b>\$16,173,901</b>	<b>23.9</b>
<b>Total:</b>	<b>724</b>	<b>1,065</b>	<b>\$146,918,256</b>	<b>\$267,653,106</b>	<b>\$414,571,362</b>	<b>\$2,619,489</b>	<b>\$1,486,735</b>	<b>100.0%</b>	<b>\$25,000,000</b>	<b>16.6</b>

(1) Reflects actual or planned lots.

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

(3) [Describe current state of development activity etc.]

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

Source: NBS Government Group and the Developer

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

**El Dorado County  
Community Facilities District No. 2001-1  
Value to Bonded Debt Categories \***

Value-to-Debt Category	Parcels	FY14-15 Assessed Value	Allocated Bond Share (1)*	2014-15 Special Tax Levy	Percent of Levy
25:1 and Greater	706	\$408,199,066	\$21,371,223	\$1,270,934	85.5%
Greater than 10:1 – less than 25:1	9	1,686,042	1,232,411	73,291	4.9%
Greater than 5:1 – less than 10:1	5	4,510,746	1,848,622	109,936	7.4%
Greater than 3:1 – less than 5:1	1	164,508	547,744	32,574	2.2%
Less than 3:1	3	11,000	0	0	0.0%
<b>Total</b>	<b>724</b>	<b>\$414,571,362</b>	<b>\$25,000,000</b>	<b>\$1,486,735</b>	<b>100.0%</b>

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

\* Preliminary, subject to change

Source: NBS Government Group

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

**Direct and Overlapping Governmental Obligations**

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

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

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

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

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

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the public agency's assessed valuation represented in column 2.

DRAFT

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

2013-14 Local Secured Assessed Valuation: \$ \_\_\_\_\_

Source: California Municipal Statistics, Inc.

DRAFT

**Estimated Tax Burden on Single Family Home**

Based on estimated home assessed valuation of \$667,500, the County’s District Administrator has estimated that the overall tax burden is approximately 1.38% in fiscal year 2013-14, as shown in the following table.

**EI Dorado County  
CFD No. 2001-1 (Promontory)  
Illustrative Tax Burden for Single-Family Residential Parcel  
(Fiscal Year 2014-15)**

	<u>FY13-14 Amount</u>
Basic Prop 13 Property Taxes	\$6,619
GO Overrides	483
Total General Tax	7,102
Promontory Special Taxes	1,747
Other Taxes and Fees	391
Total Taxes and Charges	\$9,239
 Assessed Value	 \$667,500
 Total taxes as % of AV	 1.38%

**[Needs FOOTNOTES]**  
Source: NBS Government Group

## **SPECIAL RISK FACTORS**

*The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the 2015 Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in a rapid depletion of the Reserve Fund and/or a default in payments of the principal of, and interest on, the 2015 Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See " - Land Values" below.*

### **Concentration of Property Ownership**

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

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

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

### **Failure or Inability to Complete Proposed Development on a Timely Basis**

A major risk to the Bondholders is that the Development may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the property owners to pay Special Taxes when due. For example, proposed development within the District may be adversely affected by economic conditions less favorable than those assumed in the Market Absorption Study or the Appraisal, an inability of the Developer or future owners of the parcels to obtain financing, fluctuations in the real estate market or interest rates, unexpected increases in development costs, changes in federal, state or local governmental policies relating to the ownership of real estate, water allocation related issues, or the appearance of previously unknown environmental impacts

necessitating preparation of a supplemental environmental impact report, and by other similar factors. Moreover, the Developer must comply with certain conditions, including the provision of required infrastructure and water, prior to being able to record the final map creating the ultimate residential or village lots as more fully described herein under "THE DISTRICT."

First, partially developed land may be less valuable than developed land and may provide less security to the owners of the 2015 Bonds should it be necessary for the District to foreclose on undeveloped property due to the nonpayment of Special Taxes. Moreover, failure to complete the Development on a timely basis could adversely affect the land values of those parcels which have been completed. Lower land values result in less security for the payment of principal of and interest on the 2015 Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax.

Second, any inability to develop the land within the District as planned could reduce the expected diversity of ownership of land within the District, making the owners of the 2015 Bonds more dependent upon timely payment of the Special Taxes levied on the undeveloped property. Because of the concentration of property ownership, until sales are well underway, the timely payment of the 2015 Bonds depends upon the willingness and ability of the Developer, Russell-Promontory, and any merchant builders to whom finished lots are sold to pay the Special Taxes levied on the undeveloped land when due. Moreover, the Special Tax Formula allocates the Special Tax first to Developed Parcels (those for which a final map has been recorded), second to Large Lot Parcels and third to Original Parcels, as more fully described herein under "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS – Special Tax Formula."

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

## **Disclosures to Future Purchasers**

The District has recorded a Notice of Special Tax Lien in the Office of the County Recorder. See "THE 2015 BONDS - Authority For Issuance." While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a parcel of land, a home or a commercial or retail facility in the District or the lending of money thereon. The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due. The Acquisition Agreement contains an agreement by the Developer to comply with all disclosure requirements of the Act, specifically including the notice to prospective purchasers under Section 53341.5 of the Act.

### **Future Land Use Regulations**

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

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

It is also possible that future federal or state regulations, or regulations of other public agencies having jurisdiction over an aspect of the Development, could be applicable to the Development and could negatively affect the ability of the Developer, or its successors, to complete the proposed Development. For example, EID could impose a water moratorium or new restrictions on the number of water allocations granted each year. In addition, it is the County's understanding that any further use of Folsom Reservoir for water supplies will require that EID must enter into a contract with the United States Bureau of Reclamation (the "Bureau") for the use of the Bureau's Folsom Lake storage facilities. Before entering into this contract, the Bureau may be required to initiate and complete a consultation with the United States Fish and Wildlife Service under Section 7 of the Federal Endangered Species Act. This process could add to the time required for completion of the Development and could result in additional restrictions on the use of such water supplies, including related land use restrictions. In addition, measures could be imposed to protect any endangered species which might be identified in or near the Development in the future (see "Endangered Species"). This possibility presents a risk to prospective purchasers of the 2015 Bonds, or beneficial ownership interests therein, in that an inability to complete the Development as planned increases the



risk that the 2015 Bonds will not be repaid when due. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis.

### **Earthquakes**

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

### **Endangered Species**

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

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

## Hazardous Substances

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

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

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

### Naturally Occurring Asbestos

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

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

properties where naturally occurring asbestos soils are known to have been disturbed. In 2002, a vein of rock containing amphibole asbestos was uncovered during construction of new soccer fields at Oak Ridge High School, which is located in Serrano, approximately three-quarters of a mile to the east of the District. As a result, the U.S. Environmental Protection Agency (EPA) conducted a comprehensive investigation to assess the potential for exposure from naturally occurring asbestos. In 2004, the EPA collected samples in local community areas and schools, including children's playgrounds and local parks. The EPA collected fixed samples of air and soil and "activity-based" samples of air. The "activity-based" air samples were collected during simulated recreational activities to more accurately estimate the level of exposure for children and adults engaged in these activities. The EPA's report of its investigation showed that asbestos fibers were found in almost all of the samples collected.

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

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

### **Potential Impact of Water Shortage**

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

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

The Appraisal is based upon a variety of assumptions and limiting conditions. Reference should be made to the Appraisal contained in APPENDIX B hereto for a list of such assumptions and conditions. Prospective purchasers of the 2015 Bonds should not assume that the property within the District could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes. The actual value of the property is subject to future events which might render invalid the assumptions relied upon by the Appraiser in determining the appraised value. For additional information concerning the Appraisal and the assumptions contained therein, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS - Land Values."

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

#### **Direct and Overlapping Public Indebtedness**

The ability or willingness of an owner of land within the District to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. The lien of the Special Tax is co-equal to and independent of the lien for general property taxes, other special taxes, and certain special assessments. Thus the existence of general property taxes, other special taxes, and assessments may reduce the value-to-lien ratio of the affected parcels. In addition, other public agencies whose boundaries overlap those of the District could, with (or in some circumstances without) the consent of the owners of the land within the District, impose additional taxes or assessment liens on the property within the District in order to finance public improvements to be located inside of or outside of the District. The District and the County may have no control over the ability of other public agencies to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the District. In addition, the property owners within the District may, without the consent or knowledge of the County or the District, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Any such special taxes would create a lien on such property on a parity with that securing the Special Tax, and any such special assessments may create a lien on such property on a parity with that securing the Special Tax. The imposition of additional liens on a parity with the Special Taxes could reduce the ability or willingness of the landowners to pay the Special Taxes and increases the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes or the principal of and interest on the 2015 Bonds when due.

The County has covenanted that it will not issue additional bonds on a parity with the Bonds unless a specified debt service coverage requirement and lien-to-value requirement are met, and certain other conditions are met. See "THE FISCAL AGENT AGREEMENT - Additional Bonds."

## **Private Indebtedness**

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

## **Land Values**

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

The Appraisal is based upon a variety of assumptions and limiting conditions. Reference should be made to the Appraisal contained in APPENDIX B hereto for a list of such assumptions and conditions. Prospective purchasers of the 2015 Bonds should not assume that the property within the District could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes. The actual value of the property is subject to future events which might render invalid the assumptions relied upon by the Appraiser in determining the appraised value. For additional information concerning the Appraisal and the assumptions contained therein, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS - Land Values."

## **Collection of Special Tax**

In order to pay debt service on the 2015 Bonds, it is necessary that the Special Taxes against taxable land within the District be paid in a timely manner. Should the Special Taxes not be paid on time, the County has established a Reserve Fund in the amount of the Required Bond Reserve to pay debt service on the Bonds to the extent other funds are not available therefore. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS - Reserve Fund."

The Fiscal Agent Agreement 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 AND SOURCES OF PAYMENT FOR THE 2015 BONDS - Special Tax Collections." 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS - Delinquent Payments of Special Tax; Covenant for Foreclosure." 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 Agreement, the amount of the delinquency; all as more fully described herein under "THE FISCAL AGENT AGREEMENT - Covenants of the County - Judicial Foreclosure." As described in "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS - Special Tax Collections," 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 AND SOURCES OF PAYMENT FOR THE 2015 BONDS - Delinquent Payments of Special Tax; Covenant for Foreclosure." The County may be unable to make full or timely payment of debt service on the 2015 Bonds if property owners fail to pay installments of the Special Tax when due, if the Reserve Fund is depleted, or if the County is unable to sell foreclosed parcels for amounts sufficient to cover the delinquent installments of the Special Tax.

### **Maximum Annual Special Tax Rates**

Within the limits of the Special Tax, the County may adjust the Special Tax levied on all property within the District to provide an amount required to pay interest on and principal of and minimum sinking fund payments for the Bonds, and the amount, if any, necessary to cure delinquencies and replenish the Reserve Fund to an amount equal to the Required Bond Reserve and to pay all annual expenses. However, the amount of the Special Tax that may be levied against particular categories of property within the District is subject to the Maximum Annual Special Tax rates. In the event of delinquencies, there is no assurance that the imposition of the Maximum Annual Special Taxes on the various taxable Parcels within the District will create enough revenue to pay debt service on the Bonds. For information concerning the Special Tax Formula, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS" Special Tax Formula."

### **Exempt Properties**

Certain properties are exempt from the Special Tax in accordance with the Special Tax Formula. In addition, the Act provides that properties or entities of the State, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. The Act further provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested. In particular, insofar as the Act requires payment of the Special Tax by a federal entity acquiring property within the District, it may be unconstitutional. If for any reason property within the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, another public agency or a religious organization, the Special Tax would have to

be reallocated, subject to the limitation of the maximum authorized rates, to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of land within the District becomes exempt from the Special Tax because of public ownership or otherwise, the Maximum Annual Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Bonds when due, and a default would occur with respect to the payment of such principal and interest.

The ability of the County to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax installment may be limited in certain respects with regard to property in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The County is unable to predict what effect this assertion would have in the event of a delinquency on a parcel within the District in which the FDIC has or obtains an interest. In addition, although the FDIC does not claim immunity from *ad valorem* property taxation, it requires a foreclosing entity to obtain FDIC's consent to foreclosure proceedings. Prohibiting a foreclosure on property owned by the FDIC could significantly reduce the amount available to pay the principal of and interest on the 2015 Bonds. Either outcome would cause a draw on the Reserve Fund and perhaps, ultimately, a default in the payment on the 2015 Bonds. According to the County and the Developer, there is no indication that the FDIC currently owns any property in the District.

### **Bankruptcy and Foreclosure Delays**

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

The various legal opinions to be delivered concurrently with the delivery of the 2015 Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in the possibility of delinquent Special Tax installments not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2015 Bonds. To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient monies would not be available in the Reserve Fund for transfer to the Redemption Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2015 Bonds on a timely basis.

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

the bankruptcy estate, and were therefore held to be payable from the bankruptcy estate only after payment of all secured creditors. As a result, the secured creditor of the property was able to foreclose on the property and retain all of the proceeds of the sale except for the amount of the pre-petition taxes.

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

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

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings. This treatment might result from the fact that, although the lien of special taxes is of record from the date of the filing of a Notice of Special Tax Lien, the actual special tax is levied annually. As noted above, special taxes have a different lien date than the lien date for general *ad valorem* taxes in the State of California noted above. The lien of a Mello-Roos special tax attaches upon recordation of the notice of the special tax lien, as provided for in Section 53328.3 of the Act, as opposed to the annual January 1 lien date for general *ad valorem* taxes. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving special taxes rather than general *ad valorem* property taxes, a court might consider the differences in the statutory provisions for creation of the applicable tax lien (general *ad valorem* or special tax) in determining whether there is a basis for post petition special taxes to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the special tax lien as a secured claim against property with respect to post-petition levies of the Special Taxes made against property owners within the District who file for bankruptcy, collections of the Special Taxes from such property owners could be reduced as the result of being treated as "administrative expenses" of the bankruptcy estate. Also, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general *ad valorem* taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may not be applicable to special taxes since they were not



expressly mentioned or provided for in this section, nor defined to be included within the term "*ad valorem* taxes."

### **No Acceleration Provision**

The 2015 Bonds do not contain a provision allowing for the acceleration of the 2015 Bonds in the event of a payment default or other default under the *terms* of the 2015 Bonds or the Fiscal Agent Agreement. Pursuant to the Fiscal Agent Agreement, a bondholder is *given* the right, for the equal benefit and protection of all bondholders similarly situated, to pursue certain remedies described under "THE FISCAL AGENT AGREEMENT - Remedies of Bondholders." So long as the 2015 Bonds are in book-entry form, DTC will be the sole bondholder and will be entitled to exercise all rights and remedies of bondholders. See "APPENDIX F – BOOK-ENTRY SYSTEM."

### **Loss of Tax Exemption**

As discussed under the caption "TAX MATTERS," interest on the 2015 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2015 Bonds were issued, as a result of future acts or omissions of the County in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2015 Bonds were to be includable in gross income for purposes of federal income taxation, the 2015 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Tax. See "THE 2005 BONDS - Redemption."

### **Ballot Initiatives**

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

### **Absence of Secondary Market for the 2015 Bonds**

No application has been made for a credit rating for the 2015 Bonds, and it is not known whether a credit rating could be secured either now or in the future for the 2015 Bonds. There can be no assurance that there will ever be a secondary market for purchase or sale of the 2015 Bonds. From time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market, the financial condition and results of operations of the owners of property located within the boundaries of the District, and the extent of the proposed development of the parcels within the District. The 2015 Bonds should therefore be considered long-term investments in which funds are committed to maturity, subject to redemption prior to maturity as described herein.

## LEGAL MATTERS

### Legal Opinions

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

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

### Tax Exemption

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

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

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

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

accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

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

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

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

### **No Litigation**

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

### **CONTINUING DISCLOSURE**

The County has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than January 15 after the end of the County's fiscal year (presently June 30) in each year (the "**Annual Report**"), commencing with its report for fiscal year 2013-14, and provide notices of the occurrence of certain enumerated events.

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

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

## RATING

Standard & Poor's Financial Services LLC, a subsidiary of the McGraw-Hill Companies, Inc. ("**S&P**"), is expected to assign its municipal bond rating of "\_\_\_\_\_" with the understanding that upon delivery of the Bonds, the Bond Insurer will deliver its Policy with respect to the Bonds. In addition, S&P has assigned an underlying rating of "BBB" to the Bonds. 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.

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 Bonds are being purchased by Stifel, Nicolaus & Company, Inc (the "**Underwriter**"), at a purchase price of \$\_\_\_\_\_ (representing the principal of amount of the Bonds, less an underwriter's discount of \$\_\_\_\_\_, plus a net original issue premium 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; and The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent for the Bonds.

**EXECUTION**

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

**COUNTY OF EL DORADO**

By: \_\_\_\_\_  
Auditor-Controller

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

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

#### Population

The historic population estimates for the City, the County and the State of California as of January 1 of the calendar years 2010 through 2015 are listed below.

#### County of El Dorado and State of California Population Estimates

Calendar Year	El Dorado County	State of California
2010	180,682	37,223,900
2011	180,483	37,427,946
2012	180,712	37,678,563
2013	181,997	37,984,138
2014	182,404	38,340,074

Source: California State Department of Finance

## Effective Buying Income

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

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2009 through 2013. Effective Buying Income data is not yet available for calendar year 2014.

### EI DORADO COUNTY AND THE COUNTY OF EL DORADO Effective Buying Income 2009 through 2013

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2009	El Dorado County	\$ 4,857,363	\$55,873
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
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

Source: The Neilson Company Inc.

**Taxable Transactions**

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within El Dorado County during the past five years in which data is available is shown in the following table. Annual figures for calendar year 2013 are not yet available.

Total taxable sales during the first quarter of calendar year 2013 in El Dorado County were reported to be \$421,345,000, a 8.28% increase over the total taxable sales of \$389,117,000 reported during the calendar year 2012.

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

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	2,778	\$1,230,164	6,132	\$1,787,804
2009 <sup>(1)</sup>	3,831	1,073,469	5,592	1,527,935
2010 <sup>(1)</sup>	3,928	1,119,482	5,702	1,561,471
2011 <sup>(1)</sup>	3,849	1,189,421	5,589	1,651,689
2012 <sup>(1)</sup>	3,939	1,267,343	5,627	1,740,172

*(1) Data not comparable to prior years.*

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



## Largest Employers

The following chart presents the major employers in the County as of July 2014.

### EL DORADO COUNTY Major Employers July 2014

<b>Employer Name</b>	<b>Location</b>	<b>Industry</b>
Barton Memorial Hospital	South Lake Tahoe	Hospitals
Blue Shield of California	El Dorado Hills	Insurance
Child Development Programs	Placerville	Child Care Service
Dst Output	El Dorado Hills	Direct Mail Services
El Dorado Cnty Transportation	Placerville	County Govt-Transportation Programs
El Dorado County Human Svc	Placerville	County Government-Social/Human Resources
El Dorado County Sheriff	Placerville	Sheriff
El Dorado Irrigation District	Placerville	Water & Sewage Companies-Utility
Embassy Suites-Lake Tahoe	South Lake Tahoe	Hotels & Motels
Lake Tahoe Community College	South Lake Tahoe	Schools-Universities & Colleges Academic
Marriott	El Dorado Hills	Hotels & Motels
Marriott-Grand Residence Tahoe	South Lake Tahoe	Hotels & Motels
Marriott-Timber Lodge	South Lake Tahoe	Hotels & Motels
Mc Clone Construction Co	Cameron Park	General Contractors
More	Placerville	Rehabilitation Services
Mother Lode Bail Bonds	Placerville	Bonds-Bail
Pacific Gas & Electric Co	Placerville	Electric Companies
Red Hawk Casino	Placerville	Casinos
Safeway	South Lake Tahoe	Grocers-Retail
Sierra At Tahoe Resort	Twin Bridges	Skiing Centers & Resorts
Sierra Pacific Industries	Camino	Lumber-Manufacturers
South Lake Tahoe City Manager	South Lake Tahoe	City Government-Executive Offices
Spare Time Inc	El Dorado Hills	Health Clubs Studios & Gymnasiums
Top the Tram Monument Peak	South Lake Tahoe	Resorts
Walmart	Placerville	Department Stores

Source: State of California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2014 2nd Edition.

## Employment

The District is included in the Sacramento Arden Arcade Roseville Metropolitan Statistical Area (“MSA”). The unemployment rate in the Sacramento-Arden Arcade-Roseville MSA was 6.7 percent in May 2014, down from a revised 7.1 percent in April 2014, and below the year-ago estimate of 8.3 percent. This compares with an unadjusted unemployment rate of 7.1 percent for California and 6.1 percent for the nation during the same period. The unemployment rate was 7.0 percent in El Dorado County, 6.0 percent in Placer County, 6.8 percent in Sacramento County, and 6.8 percent in Yolo County.

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

**SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA  
(El Dorado, Placer, Sacramento, Yolo Counties)  
Annual Average Labor Force and Employment Industry  
Calendar Years 2009 through 2013 (March 2013 Benchmark)**

	2009	2010	2011	2012	2013
Civilian Labor Force <sup>(1)</sup>	1,052,100	1,053,000	1,047,800	1,051,600	1,046,600
Employment	935,300	921,800	923,600	942,900	956,400
Unemployment	116,800	131,200	124,200	108,700	90,200
Unemployment Rate	11.1%	12.5%	11.9%	10.3%	8.6%
Wage and Salary Employment <sup>(2)</sup>					
Agriculture	8,300	8,100	8,200	8,600	8,800
Mining and Logging	400	400	500	400	500
Construction	43,500	38,400	36,900	38,400	42,900
Manufacturing	34,400	32,800	33,200	33,900	33,700
Wholesale Trade	24,100	22,800	23,600	25,100	25,000
Retail Trade	87,600	88,000	89,400	91,800	93,900
Transportation, Warehousing and Utilities	23,200	21,700	21,100	21,900	23,200
Information	18,300	17,200	16,300	15,600	15,000
Finance and Insurance	40,200	36,100	34,600	35,700	36,600
Real Estate and Rental and Leasing	12,700	12,200	12,000	12,400	13,000
Professional and Business Services	101,100	102,200	104,200	110,800	114,300
Educational and Health Services	116,600	115,000	116,900	121,300	127,700
Leisure and Hospitality	82,000	80,200	81,700	84,500	88,000
Other Services	28,800	28,100	28,000	28,500	28,900
Federal Government	13,300	14,600	14,000	13,700	13,500
State Government	111,900	110,900	109,600	108,200	109,800
Local Government	110,200	104,700	100,900	99,600	98,700
Total, All Industries <sup>(3)</sup>	911,000	890,200	839,800	817,900	810,300

(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 2009 through 2013. Annual figures are not yet available for calendar year 2014.

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

	2009	2010	2011	2012	2013
Permit Valuation					
New Single-family	\$50,041.4	\$40,884.0	\$54,694.8	\$51,963.9	\$116,123.0
New Multi-family	358.1	1,306.3	0.0	33,132.7	4,913.4
Res. Alterations/Additions	<u>26,611.4</u>	<u>21,741.4</u>	<u>41,433.9</u>	<u>49,227.5</u>	<u>51,096.6</u>
Total Residential	77,010.9	63,931.7	96,128.7	134,324.1	172,133.0
New Commercial	10,896.6	4,355.1	11,636.0	10,431.3	63,119.4
New Industrial	0.0	0.0	0.0	28.7	340.0
New Other	24,827.2	14,997.7	1,320.5	270.2	14,386.6
Com. Alterations/Additions	<u>15,377.1</u>	<u>11,810.0</u>	<u>47,718.4</u>	<u>9,653.6</u>	<u>19,524.6</u>
Total Nonresidential	\$51,100.9	\$31,162.8	\$60,674.9	\$20,383.8	\$97,370.6
New Dwelling Units					
Single Family	160	110	137	123	293
Multiple Family	<u>2</u>	<u>5</u>	<u>0</u>	<u>115</u>	<u>46</u>
TOTAL	162	115	0	238	339

Source: Construction Industry Research Board, Building Permit Summary.

## Tourism

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

## Transportation

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

**APPENDIX B**

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

DRAFT

**APPENDIX C**  
**APPRAISAL REPORT**

DRAFT

**APPENDIX D**  
**FORM OF OPINION OF BOND COUNSEL**  
**BONDS**

\_\_\_\_\_, 2015

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

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

Members of the Board of Supervisors:

We have acted as bond counsel in connection with the issuance by the County of El Dorado (the "County") of its \$\_\_\_\_\_ County of El Dorado Community Facilities District No. 2001-1 (Promontory Specific Plan) Special Tax Refunding Bonds Series 2015A (the "Bonds") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code (the "Act"), a resolution of the County adopted \_\_\_\_\_, 2015 (the "Resolution") and a Fiscal Agent Agreement, dated as of February 1, 2015 by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

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

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

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

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

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

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

Respectfully submitted,

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**CONTINUING DISCLOSURE CERTIFICATE**

**\$ \_\_\_\_\_  
County of El Dorado  
COMMUNITIES FACILITIES DISTRICT NO. 2001-1  
(Promontory Specific Plan)  
SPECIAL TAX REFUNDING BONDS  
SERIES 2015A**

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the County of El Dorado (the "District") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are being issued pursuant to a Fiscal Agent Agreement dated as of \_\_\_\_\_ 1, 2015 (the "Fiscal Agent Agreement"), by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The County hereby covenants and agrees as follows:

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

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

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

"*Annual Report Date*" means each January 15 after the end of the County's fiscal year (presently June 30).

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

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

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

"*Official Statement*" means the final official statement dated \_\_\_\_\_, 2015, executed by the County in connection with the issuance of the Bonds.

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



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

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 15, 2016, with the report for the 20115-16 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the County) has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The County shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the County hereunder.

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

(c) The Dissemination Agent shall:

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

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

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

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. This submission should be made with the following caveat:

THE COUNTY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-

12. NO FUNDS OR ASSETS OF THE COUNTY (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR THE DISTRICT AND SECURING THE BONDS) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE COUNTY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE COUNTY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE COUNTY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) The following additional items, indicating information as of the previous September 30<sup>th</sup>, with respect to the Bonds:

- (1) Balance in the Reserve Fund.
- (2) Table indicating Special Tax levy, amount collected, delinquent amount and percent delinquent for the most recent year.
- (3) Status of foreclosure proceedings and summary of results of foreclosure sales, if available.
- (4) Identity of any delinquent taxpayer representing more than 5% of levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available).

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

- (1) Significant amendments to land use entitlements.
- (2) Status of any legislative, administrative and judicial challenges to the construction of the development known to the Issuer.
- (3) Assessed valuation of property shown on County Assessor's tax rolls with no "improvements" value in the District for the current (as of the date of the report) fiscal year.
- (4) List of landowners (as shown County Assessor's tax roll) and assessor's parcel number(s) of parcels held by owners whose properties collectively represent 10% or more of the Special Taxes for the current (as of the date of the report) fiscal year.
- (5) Number of building permits issued by the County for property in the District for the reported fiscal year.

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

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

Section 5. Reporting of Listed Events.

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

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

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall, or shall cause the Dissemination Agent (if not the County) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

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

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

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

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

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

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

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with

the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

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

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

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

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

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

Date: \_\_\_\_\_, 2015

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

By: \_\_\_\_\_  
Authorized Officer

AGREED AND ACCEPTED:  
\_\_\_\_\_,  
as Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: County of El Dorado

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

Date of Issuance: \_\_\_\_\_, 2015

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

Dated: \_\_\_\_\_

DISSEMINATION AGENT:

\_\_\_\_\_

DRAFT

## APPENDIX F

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

**APPENDIX G**  
**SPECIMEN BOND INSURANCE POLICY**

DRAFT