

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2019****NEW ISSUE-FULL BOOK ENTRY****NOT RATED**

*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. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.*

**\$12,000,000\***

**COUNTY OF EL DORADO  
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BASS LAKE HILLS)  
SPECIAL TAX BONDS SERIES 2019**

**Dated: Date of Delivery****Due: September 1, as shown below**

The bonds captioned above (the "2019 Bonds") are being issued by the County of El Dorado (the "County") by and through its Community Facilities District No. 2018-1 (Bass Lake Hills) (the "District"). The Bonds are special tax obligations of the County, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Act"), and are issued pursuant to a Fiscal Agent Agreement, dated as of \_\_\_\_\_ 1, 2019 (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"). See "THE BONDS - Authority for Issuance." The 2019 Bonds are being issued to (i) finance certain public capital improvements, including fees for capital improvements, authorized for the District, (ii) fund a debt service reserve fund, (iii) fund capitalized interest, and (iv) pay the costs of issuance of the 2019 Bonds. Interest on the 2019 Bonds is payable \_\_\_\_\_ 1, 2019, and thereafter semiannually on March 1 and September 1 of each year.

The 2019 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. See "APPENDIX G – THE BOOK-ENTRY SYSTEM."

The 2019 Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) derived from Special Taxes (as defined herein) to be levied by the County on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, on parity with any additional bonds that may be issued in the future, subject to the conditions of the Fiscal Agent Agreement, all as more fully described herein. Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so. Upon issuance of the 2019 Bonds, a reserve fund will be established for the 2019 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The County may issue additional bonds secured by Special Tax Revenues on parity with the 2019 Bonds (together, the "Bonds"), or on a basis subordinate thereto, upon the satisfaction of certain conditions in the Fiscal Agent Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds."

Property in the District subject to the Special Tax comprises approximately 184 gross acres planned for 281 single family residential homes. Infrastructure improvements are underway and Lennar Homes of California, Inc. expects to build and sell 228 of the homes in the District with sales commencing in early 2020; the remainder of homes are expected to be built by an undetermined merchant builder. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

**The 2019 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS - Redemption."**

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS DO NOT CONSTITUTE A DEBT OF THE COUNTY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS," SHOULD BE READ IN ITS ENTIRETY.

*This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the 2019 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

*factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the 2019 Bonds.*

*The 2019 Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, as Disclosure Counsel, and Stradling, Yocca, Carlson & Rauth, Newport Beach, California, as counsel to the Underwriter. It is anticipated that the 2019 Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2019 in New York, New York.*

**[Stifel logo]**

The date of this Official Statement is \_\_\_\_\_, 2019

\* Preliminary, subject to change.

## MATURITY SCHEDULE

\$ \_\_\_\_\_ Serial 2019 Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> <u>( )</u>
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\$ \_\_\_\_\_ % Term Bond Due September 1, \_\_\_\_\_; Price: \_\_\_\_\_%; Yield: \_\_\_\_\_%; CUSIP: \_\_\_\_\_  
\$ \_\_\_\_\_ % Term Bond Due September 1, \_\_\_\_\_; Price: \_\_\_\_\_%; Yield: \_\_\_\_\_%; CUSIP: \_\_\_\_\_

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## COUNTY OF EL DORADO, CALIFORNIA

### **Board of Supervisors**

John Hidahl, District No. 1  
Shiva Frentzen, District No. 2  
Brian Veerkamp, District No. 3  
Lori Parlin, District No. 4  
Sue Novasel, District No. 5

### **County Officials**

Karl Weiland, Assessor  
Joe Harn, Auditor-Controller  
K.E. Coleman, Treasurer-Tax Collector

### **County Staff**

Don Ashton, Chief Administrative Officer  
David Livingston, Interim County Counsel

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## **SPECIAL SERVICES**

### **Bond Counsel**

Jones Hall, A Professional Law Corporation  
*San Francisco, California*

### **Fiscal Agent**

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

### **Special Tax Consultant**

NBS Government Finance Group  
*Temecula, California*

### **Appraiser**

Integra Realty Resources - Sacramento  
*Rocklin, California*

### **Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
*San Francisco, California*

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the 2019 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 2019 Bonds.

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

**Limit of Offering.** No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations in connection with the offer or sale of the 2019 Bonds 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 the County or the Underwriter. 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 2019 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Involvement of Underwriter.** The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their 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 since the date hereof. All summaries of the 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 AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE 2019 BONDS .....	6
Authority for Issuance.....	6
Description of the 2019 Bonds.....	6
Future Additional Bonds .....	7
Redemption .....	8
Transfer or Exchange of 2019 Bonds .....	9
ESTIMATED SOURCES AND USES OF FUNDS.....	10
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS .....	11
General.....	11
Special Taxes .....	11
Special Tax Methodology .....	13
Levy of Annual Special Tax; Maximum Special Tax.....	15
Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.....	16
Reserve Fund .....	18
Special Tax Fund .....	19
Bond Fund .....	20
Acquisition and Construction Fund .....	20
Additional Bonds .....	20
DEBT SERVICE SCHEDULE .....	22
THE FACILITIES.....	23
Eligible Facilities .....	23
Estimated Cost of the Facilities .....	23
THE DISTRICT .....	26
Formation of the District .....	25
District Location .....	26
Bass Lake Hills Specific Plan .....	26
Location and Description of the District.....	27
Planned Development in the District.....	29
OWNERSHIP OF PROPERTY WITHIN THE DISTRICT .....	33
Lennar .....	33
Financing Plan .....	35
APPRAISAL OF PROPERTY THE DISTRICT .....	35
The Appraisal.....	35
Assumptions and Limiting Conditions .....	35
Value to Special Tax Burden Ratios .....	36
Overlapping Liens and Priority of Lien .....	37
Estimated Tax Burden on Single-Family Home.....	38
SPECIAL RISK FACTORS .....	44
Concentration of Property Ownership.....	44
Failure or Inability to Complete Proposed Development on a Timely Basis .....	44
Disclosures to Future Purchasers.....	45
Impact Fees Litigation - Austin v. County of El Dorado.....	45
Future Land Use Regulations .....	46
Earthquakes.....	47
Endangered Species .....	47
Hazardous Substances .....	47
Naturally Occurring Asbestos .....	48
Potential Impact of Water Shortage .....	49
Water Reports.....	49
Direct and Overlapping Public Indebtedness .....	50
Private Indebtedness.....	51
Land Values.....	51

Collection of Special Tax.....	52
Maximum Special Tax Rates.....	52
Exempt Properties.....	53
FDIC/Federal Government Interests in Properties .....	53
Bankruptcy and Foreclosure Delays .....	54
No Acceleration Provision .....	56
Loss of Tax Exemption.....	56
Tax Cuts and Jobs Act .....	56
Ballot Initiatives .....	56
Absence of Secondary Market for the Bonds .....	56
Recent Case Law Related to the Mello-Roos Act.....	57
LEGAL MATTERS.....	58
Legal Opinions.....	58
Tax Exemption.....	58
Other Tax Considerations.....	58
No Litigation.....	60
CONTINUING DISCLOSURE.....	60
NO RATINGS.....	61
UNDERWRITING .....	61
PROFESSIONAL FEES .....	62
EXECUTION.....	62
APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX	
APPENDIX B - THE APPRAISAL	
APPENDIX C - THE COUNTY OF EL DORADO	
APPENDIX D - FORM OF OPINION OF BOND COUNSEL	
APPENDIX E - FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS	
APPENDIX F - THE BOOK ENTRY SYSTEM	
APPENDIX G - SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT	

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## OFFICIAL STATEMENT

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**\$12,000,000\***  
**COUNTY OF EL DORADO**  
**COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BASS LAKE HILLS)**  
**SPECIAL TAX BONDS SERIES 2019**

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the County of El Dorado (the "**County**") by and through its Community Facilities District No. 2018-1 (Bass Lake Hills) (the "**District**") of the bonds captioned above (the "**2019 Bonds**").

*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 this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2019 Bonds to potential investors is made only by means of the entire Official Statement.*

**Creation of the District.** On August 28, 2018, the Board of Supervisors adopted Resolution No. 171-2018 (the "**Resolution of Formation**"), which formed the District and followed a Resolution of Intention adopted July 17, 2018. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$25,000,000 at a special election in the District held on the same day. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District at any point during the 90-day period preceding the adoption of the Resolution of Formation, the qualified electors entitled to vote in the special election consisted of Lennar Homes of California, Inc. a California Corporation ("**Lennar**") and Lennar Winncrest LLC ("**Lennar Winncrest**"), the only eligible landowners/voters in the District at that time. The landowners voted to incur the indebtedness and to approve 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, replenishing the Reserve Fund and paying the administrative expenses of the District. The 2019 Bonds are the first series of Bonds issued for the District; the County may issue additional bonds secured on parity with the 2019 Bonds upon the satisfaction of certain conditions in the Fiscal Agent Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds" below.

\* Preliminary, subject to change.



The 2019 Bonds are 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**") and pursuant to a Fiscal Agent Agreement, dated as of \_\_\_\_\_ 1, 2019 (the "**Fiscal Agent Agreement**") by and between the County and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as fiscal agent (the "**Fiscal Agent**") and Resolution No. \_\_\_\_-2019 (the "**Resolution**") adopted on April 2, 2019 by the Board of Supervisors of the County (the "**Board of Supervisors**") which authorized the issuance of the 2019 Bonds payable from Special Taxes (as defined herein) levied on property within the District according to a methodology approved by the County. Following the issuance of the 2019 Bonds, the remaining authorized amount of Bonds for the District is \$13,000,000\*; the 2019 Bonds represent the first series of Bonds and additional bonds are contemplated in the future as development progresses. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" – herein.

**Bond Terms.** The 2019 Bonds will be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page of this Official Statement. Interest on the 2019 Bonds is payable on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing September 1, 2019. The 2019 Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

**Registration of Ownership of 2019 Bonds.** The 2019 Bonds will be issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). Ultimate purchasers of 2019 Bonds will not receive physical certificates representing their interest in the 2019 Bonds. So long as the 2019 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 2019 Bonds. Payments of the principal, premium, if any, and interest on the 2019 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 2019 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 herein. See "APPENDIX F – THE BOOK-ENTRY SYSTEM."

**Use of Proceeds.** Proceeds of the 2019 Bonds will primarily be used to finance the costs of constructing and installing public facilities, including fees for public facilities, authorized to be financed by the Special Taxes (the "**Facilities**," as described herein). The Facilities consist generally of transportation improvements, potable and nonpotable water system improvements, drainage system improvements, wastewater system improvements, park, park and landscape corridor improvements, open space improvements, and development impact fees intended to fund construction of authorized facilities. Construction of portions of the backbone infrastructure, some of which qualify as Facilities, is underway by Lennar Winncrest. See "THE DISTRICT - Planned Development in the District" herein. The cost of a portion of the Facilities will be reimbursed by the proceeds of the 2019 Bonds and by additional bonds contemplated to be issued in the future, as described below, and Lennar or Lennar Winncrest is required to fund any remaining shortfall. See "THE FACILITIES." Proceeds of the 2019 Bonds will also be used to fund a Reserve Fund (described below) available for payment on the Bonds, to pay a portion of interest on the 2019 Bonds through September 1, 2019, and to pay cost of the issuance of the 2019 Bonds.

**Source of Payment of the 2019 Bonds.** The Board of Supervisors covenanted to annually levy special taxes on the property in the District (the "**Special Taxes**") beginning in fiscal year

\* Preliminary; subject to change.

2019-20 in accordance with the Rate and Method of Apportionment for County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills) (the "**Rate and Method**"). The Rate and Method is attached as APPENDIX B to this Official Statement. The 2019 Bonds and any Additional Bonds (as defined herein and collectively 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 or any penalties collected in connection with any such foreclosure). Special Taxes are the special taxes levied by the County within the District pursuant to the Rate and Method under the Act, an ordinance of the Board of Supervisors and the Fiscal Agent Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax Methodology" and "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

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 that is taxable under the Act and the Rate and Method in accordance with the proceedings for the authorization and issuance of the Bonds and to make provision for the collection of the Special Tax in amounts which will be sufficient to pay interest on, principal of and redemption premium (if any) on the Bonds as such becomes due and payable and to replenish the Reserve Fund (as defined herein) as necessary. See "SECURITY AND SOURCES OF PAYMENT 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.

**Additional Bonds.** The maximum authorized indebtedness for the District is \$25 million; the 2019 Bonds are the first series of bonds being issued for the District and additional bonds are expected to be issued in the future. In addition to the 2019 Bonds, the County may, by a Supplemental Fiscal Agent Agreement, authorize the issuance of one or more additional series of bonds secured on parity with the outstanding Bonds (herein, "**Additional Bonds**"). So long as the 2019 Bonds are outstanding, any future bonds issued for the District and secured on parity with the 2019 Bonds are required to meet certain conditions of issuance as set forth in the Fiscal Agent Agreement and no bonds having a lien senior to the lien of the Bonds are allowed; see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds."

**Reserve Fund.** Under the Fiscal Agent Agreement, the Fiscal Agent will establish a Reserve Fund (the "**Reserve Fund**") for the Bonds in the amount of the Reserve Requirement, which amount is available to be transferred to the Bond Fund in the event of delinquencies in the payment of the Special Taxes, to the extent of such delinquencies. The Reserve Fund is required to be maintained at the Reserve Requirement from moneys available under the Fiscal Agent Agreement in order to further secure the payment of principal of and interest on the Bonds. If there are additional delinquencies after depletion of funds in the Reserve Fund, the County is not obligated to pay the Bonds or supplement the Reserve Fund. See "SECURITY AND SOURCES OF PAYMENT 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 parcels with delinquent installments of the Special Taxes in certain circumstances. For a more detailed description of the

foreclosure covenant see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

**Property Subject to the Special Tax.** The land in the District is planned for development with 281 single family homes located north of U.S. Highway 50 within unincorporated areas of the County within the County’s Bass Lake Hills Specific Plan ("**BLSP**") area. Property in the District subject to the Special Tax comprises three noncontiguous development areas totaling approximately 184 acres to be known as the Hawk View, Bell Ranch, and Bell Woods sites. Lennar currently owns the Hawk View site and Lennar Winncrest owns the Bell Woods and Bell Ranch sites. [Lennar Winncrest plans to sell the Bell Ranch site to Lennar in 2019 as finished lots. Lennar Winncrest has begun marketing the Bell Woods site for sale to a merchant builder other than Lennar, with the sale of finished lots also expected to occur in 2019. Infrastructure improvements are under construction in each development area. Lennar anticipates developing all of the single-family homes in the Hawk View and Bell Ranch area of the District over the next several years, as market conditions warrant. Home construction will begin in Hawk View with model starts in April 2019 and production starts in May 2019. Home construction in Bell Ranch is expected to begin in Fall of 2019.

**Estimated Value of Property.** At the County’s request, Integra Realty Resources, Rocklin, California (the "**Appraiser**") prepared an appraisal report (the "**Appraisal**") for the taxable real property within the District, which sets forth a total hypothetical bulk vale of not less than \$39,290,000, as of December 17, 2018 (the "**Appraised Value**"). The Appraiser has provided a bring forward letter confirming the estimate of value of not less than \$39,290,000 as of \_\_\_\_\_, 2019. The valuation assumes completion of the Facilities funded by the Bonds (but not any Additional Bonds) and accounts for the impact of the lien of the Special Tax. See "THE FACILITIES." In considering the estimates 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 estimates as to value, in addition to the assumption of completion of the Facilities and other hypothetical circumstances. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT" and Appendix B.

Based on issuance of the 2019 Bonds in the aggregate principal amount of \$12,000,000\*, the aggregate ratio of the estimated total Appraised Value to the principal amount of the Bonds is approximately 3.27\*:1. See " APPRAISAL OF PROPERTY THE DISTRICT."

**Risks of Investment.** See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the 2019 Bonds.

\* Preliminary, subject to change.

**Limited Obligation of the County.** The general fund of the County is not liable and the full faith and credit of the County is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the 2019 Bonds. The 2019 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the County or any of its income or receipts, except the money in the Special Tax Fund and the respective account of the Reserve Fund established under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the 2019 Bonds is a general debt, liability or obligation of the County. The 2019 Bonds do not constitute an indebtedness of the County within the meaning of any constitutional or statutory debt limitation or restrictions and neither the Board of Supervisors, the County nor any officer or employee thereof are liable for the payment of the interest on or principal of or redemption premiums, if any, on the 2019 Bonds other than from the proceeds of the Special Taxes and the money in the Special Tax Fund, as provided in the Fiscal Agent Agreement.

**Summary of Information.** Brief descriptions of certain provisions of the Fiscal Agent Agreement, the 2019 Bonds and certain other documents are included herein. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions, copies of which are available for inspection at the office of the Auditor-Controller of the County. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the District since the date hereof.

*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.*

## THE 2019 BONDS

### Authority for Issuance

The 2019 Bonds are issued pursuant to the Fiscal Agent Agreement, approved by Resolution No. \_\_\_\_\_-2019 adopted by the Board of Supervisors on April 2, 2019, and the Act.

On August 28, 2018, the Board of Supervisors adopted Resolution No. 171-2018 (the "**Resolution of Formation**"), which formed the District and followed a Resolution of Intention adopted July 17, 2018. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$25,000,000 at a special election in the District held on the same day. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District during the 90-day period preceding the adoption of the Resolution of Formation, the qualified electors entitled to vote in the special election consisted of Lennar Homes of California, Inc. a California Corporation and Lennar Winncrest, the only eligible landowners/voters in the District at that time. Lennar and Lennar Winncrest voted to incur the indebtedness and to approve 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, replenishing the Reserve Fund and paying the administrative expenses of the District. See "THE DISTRICT" herein. The 2019 Bonds are the first series of Bonds to be issued, additional bonds are contemplated. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds" below.

### Description of the 2019 Bonds

**Bond Terms.** The 2019 Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The 2019 Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

Interest on the 2019 Bonds will be payable semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing September 1, 2019. The principal of the 2019 Bonds and premium, if any, due will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2019 Bonds; provided that so long as any 2019 Bonds are in book-entry form, payments with respect to such 2019 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

**Book-Entry Only System.** The 2019 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 under the book-entry system maintained by DTC. Ultimate purchasers of 2019 Bonds will not receive physical certificates representing their interest in the 2019 Bonds. So long as the 2019 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 2019 Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the 2019 Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the 2019 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 herein. See "APPENDIX G – THE BOOK ENTRY SYSTEM." below.

**Calculation and Payment of Interest.** Interest on the 2019 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2019 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date 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 Record Date preceding the Interest Payment 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 2019 Bonds; provided that so long as any 2019 Bonds are in book-entry form, payments with respect to such 2019 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See "APPENDIX G – BOOK ENTRY SYSTEM" below.

Each 2019 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 2019 Bond, interest is in default thereon, such 2019 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 2019 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 2019 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 G – THE BOOK ENTRY SYSTEM" below.

### **Future Additional Bonds**

The County may issue Additional Bonds on behalf of the District and secured by Special Tax Revenues (as defined below) on parity with the 2019 Bonds and may issue bonds on a basis subordinate thereto, upon the satisfaction of certain conditions set forth in the Fiscal Agent Agreement, up to the total bond authorization for the District of \$25,000,000 (not including refunding bonds). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds."

**Redemption**

**Optional Redemption.** The 2019 Bonds are subject to optional redemption from any source of available funds other than prepayments of the Special Tax prior to maturity at the option of the County, in whole, or in part among maturities selected by the County and by lot within a maturity, on any date on or after September 1, 20\_\_\_\_, at the following respective redemption prices (expressed as percentages of the principal amount of the 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
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**Mandatory Redemption From Prepayments.** The 2019 Bonds are subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part among maturities on a pro rata basis among the Bonds and any series of Additional Bonds and by lot within a maturity, on any Interest Payment Date, at the following respective redemption prices (expressed as percentages of the principal amount of the 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
____ 1, 20__ and Interest Payment Dates to and including March 1, ____	103%
September 1, ____ and March 1, ____	102
September 1, ____ and March 1, ____	101
September 1, ____ and Interest Payment Dates thereafter	100

**Mandatory Sinking Fund Redemption.** The Term 2019 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 the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

**Term 2019 Bonds of September 1, \_\_\_\_**

<b>Sinking Fund Redemption Date (September 1)</b>	<b><u>Sinking Payments</u></b>
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**Term 2019 Bonds of September 1, \_\_\_\_**

<b>Sinking Fund Redemption Date (September 1)</b>	<b><u>Sinking Payments</u></b>
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The amounts in the foregoing tables will be reduced pro rata, in order to maintain substantially level debt service, as a result of any prior partial optional redemption or mandatory redemption of the 2019 Bonds.

**Purchase In Lieu of Redemption.** 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 2019 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2019 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

**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 Securities Depositories and to one or more Information Services, and to the respective registered Owners of any 2019 Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing is not 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 2019 Bonds.

Such 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, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such 2019 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2019 Bonds will not accrue from and after the redemption date. The cost of mailing any such redemption notice and any expenses incurred by the Fiscal Agent in connection therewith shall be paid by the County.

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

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2019 Bonds of any maturity or any given portion thereof, the Fiscal Agent will select the 2019 Bonds to be redeemed, from all 2019 Bonds or such given portion thereof not previously called for redemption, by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate; provided, however, that if 2019 Bonds are to be redeemed as a result of the prepayment of Special Taxes, 2019 Bonds shall be selected for redemption on a pro-rata basis among maturities. Upon surrender of 2019 Bonds redeemed in part only, the County will execute and the Fiscal Agent will authenticate and deliver to the registered Owner, at the expense of the County, a new Bond or 2019 Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

**Effect of Redemption.** From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption are deposited in the Bond Fund, such 2019 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 thereon on or after the redemption date specified in such notice.

**Transfer or Exchange of 2019 Bonds**

So long as the 2019 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2019 Bonds will be made in accordance with DTC procedures. See "Appendix F – THE BOOK ENTRY SYSTEM." Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond or Bonds are surrendered for transfer or exchange, the County will execute and the Fiscal Agent will authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount of 2019 Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the County. 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 2019 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2019 Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

**ESTIMATED SOURCES AND USES OF FUNDS**

A summary of the estimated sources and uses of funds associated with the sale of the 2019 Bonds follows:

<u>Estimated Sources of Funds:</u>	
Principal Amount of 2019 Bonds	\$
Plus Net Premium	
Total	
 <u>Estimated Uses of Funds:</u>	
Deposit to Acquisition and Construction Fund	\$
Deposit to Reserve Fund	
Costs of Issuance <sup>(1)</sup>	
Capitalized Interest <sup>(2)</sup>	
Total	\$

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(1) Includes fees of bond and disclosure counsel, initial fees, expenses and charges of the Fiscal Agent, printing costs, administrative fees of the County, special tax consultant, appraiser, Underwriter’s discount, and other costs of issuance.  
 (2) To be applied toward interest due on the 2019 Bonds on September 1, 2019.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

The 2019 Bonds are secured by and payable from a first pledge of "**Special Tax Revenues**" on a parity basis with any additional parity bonds that may be issued in the future (collectively referred to herein as the "**Bonds**"), subject to the conditions contained in the Fiscal Agent Agreement. Special Tax Revenues are proceeds of the Special Taxes received by the County, including any scheduled payments or prepayments 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, pursuant to the Rate and Method, an Ordinance of the Board of Supervisors of the County and the Fiscal Agent Agreement.

Pursuant to the Act, the Rate and Method, the Resolution of Formation, the Fiscal Agent Agreement and an Ordinance of the County, 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 also secured by a first pledge of all moneys deposited in the Bond Fund established for the Bonds under the Fiscal Agent Agreement, and the 2019 Bonds are further secured by a pledge of moneys deposited in the Reserve Fund, established for the Bonds under the Fiscal Agent Agreement. Furthermore, on an annual basis, 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 in the Fiscal Agent Agreement, 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 to be transferred into the Administrative Expense Fund established under the Fiscal Agent Agreement are to be made on a subordinate basis to amounts necessary to be paid on the Bonds.

The Facilities financed with the proceeds of the 2019 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 collection of delinquent Special Taxes through foreclosure proceedings. 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. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.**

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the Board of Supervisors through the application of the Rate and Method prepared by 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 as approved by a two-thirds vote of the qualified electors. See "Special Tax Methodology" below and "APPENDIX B - Rate and Method of Apportionment."

The amount of Special Taxes that may be levied in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates set forth as the annual "**Maximum 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."

The County has covenanted to annually levy the Special Taxes in an amount at least sufficient to satisfy the Special Tax Requirement (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 — Collection of Special Taxes" herein. The Special Taxes are collected 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."

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

The Rate and Method provides that the Special Tax levy each fiscal year is calculated by first determining the **"Special Tax Requirement"** for the fiscal year. The Special Tax Requirement is defined in the Rate and Method to be the total required to (i) pay debt service which is due in the calendar year that commences in such fiscal year; (ii) pay periodic costs related to bonds; (iii) pay administrative expenses, (iv) pay amounts needed to establish or replenish any reserve funds; and (v) pay any amounts needed for pay-as-you-go expenditures eligible to be funded by the District to the extent that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property; (vi) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous fiscal year, less any credit from earnings on the Reserve Fund, less (vii) a credit for funds available to reduce the annual Special Tax levy.

Pursuant to the Rate and Method, 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. 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 Property or a parcel for which the Special Tax has been prepaid in full. Certain privately owned parcels also may be exempt, including common areas owned by homeowner's associations or property owner associations, wetlands, detention basins, water quality ponds and open space, as determined by the District administrator.

Each year, Taxable Property is classified as Developed Property (defined in the Rate and Method as being all Taxable Property in each Fiscal Year for which a Building Permit was issued on or before April 30 of the prior Fiscal Year), Final Map Property (defined in the Rate and Method as being all Taxable Property for which a Final Map has been recorded on or before April 30 of the prior Fiscal Year), Tentative Map Property (defined in the Rate and Method as Taxable Property for which a Tentative Map has been approved by the County and which is not yet a Final Map Property or Developed Property) or Undeveloped Property (defined in the Rate and Method as being all Taxable Property not classified as Developed Property, Tentative Map Property or Final Map Property), and shall be subject to allocation of Special Taxes in accordance with the Rate and Method. See "APPENDIX B."

The County will cause the Special Tax to be levied each Fiscal Year in an amount equal to the Special Tax Requirement by levying parcels in the following priority

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax for such Fiscal Year.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on

each Assessor’s Parcel of Final Map Property up to 100% of the Maximum Special Tax for Final Map Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first and second step have been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Tentative Map Property up to 100% of the Maximum Special Tax for Tentative Map Property;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first and second step have been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

The Rate and Method provides that the funding of Facilities can also be made from collections of the Special Tax available as the "pay-as-you-go" component of Special Taxes.

Under no circumstances can the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner of any other parcel within the 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.

The stated 2019-20 annual Maximum Special Tax Rates per unit at build out in the Rate and Method are shown below and increase annually at a rate of 2% per year.

**Fiscal Year 2019-20 Maximum Special Tax Rates**

<b>Development</b>	<b>Planned Residential Lots</b>	<b>2019-20 Maximum Special Tax Rates Per Unit <sup>(1)</sup></b>	<b>2019-20 Maximum Special Tax Revenue <sup>(1)</sup></b>
Hawk View	114	\$3,000	\$342,000
Bell Ranch	113	\$3,400	384,200
Bell Woods	54	\$3,600	194,400
<b>Total</b>	<b>281</b>		<b>\$920,600</b>

<sup>(1)</sup> *Maximum Special Tax increases by 2% per year.*

*Source: Rate and Method of Apportionment.*

**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 Rate and Method. See “APPENDIX B.”

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

In addition to payment of the Special Tax, the property owners within the District will 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 “APPRAISAL OF PROPERTY

THE DISTRICT - Overlapping Liens and Priority of Lien”). 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. 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. In the Fiscal Agent Agreement the County has covenanted for the Special Taxes to be levied 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 “ESTIMATED VALUE OF PROPERTY IN THE DISTRICT - Overlapping Liens and Priority of Lien.”

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. On the basis of such review, the County will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year by six thousand dollars (\$6,000) or more in order to enforce the lien of all such delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale, and on the further basis of such review, if the County determines that the total amount so collected is less than ninety-five per cent (95%) of the total amount of the Special Tax levied in such Fiscal Year, the County will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year to enforce the lien of all the delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California.

Pursuant to the Act, the property foreclosed upon may not be sold for less than the amount of the judgment in the foreclosure action (which may include reasonable attorneys' fees, interest, penalties, and other authorized charges and costs), plus post-judgment interest and authorized costs; 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 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 Rate and Method, the Board may adjust the Special Tax levied on all property within the District, subject to the annual Maximum 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 Reserve Requirement, and the amount required to pay all current annual expenses. There is, however, no assurance that the annual Maximum Special Tax, or that collections of the Special Tax at such annual Maximum Special Tax rates, will be at all times sufficient to pay the amounts required to be paid by the Fiscal Agent Agreement. See “- Limitations on Increases in Special Tax Levy” and “SPECIAL RISK FACTORS - annual Maximum Special Tax Rates.”

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 County, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the County 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 County becomes the purchaser under a credit bid, the County 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 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 of 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, due to Section 53321(d) of the Act, the Rate and Method 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 will be established upon the issuance of the 2019 Bonds, to be held by the Fiscal Agent pursuant to the Fiscal Agent Agreement. The amount on deposit in the Reserve Fund will be funded from proceeds of the 2019 Bonds to the amount of the “**Reserve Requirement**” for the 2019 Bonds, which as of any date of calculation is an amount equal to the least of (i) Maximum Annual Debt Service (as defined in the Fiscal Agent Agreement) on the 2019 Bonds, (ii) 125% of average Annual Debt Service (as defined in the Fiscal Agent Agreement) as of the date of issuance of the 2019 Bonds, or (iii) 10% of the initial offering price to the public of the 2019 Bonds.

Upon the issuance of Additional Bonds, the County may elect to designate the Reserve Fund as a parity reserve applicable to all series of Bonds and if so the Reserve Requirement will be based on the Bonds on a combined basis. Alternatively, the County may provide that each series of Bonds be supported by a separate reserve fund. In any event, upon issuance of Additional Bonds, the amount in the Reserve Fund will be subject to any limitations imposed by federal tax law.

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

The County is required to maintain an amount of money, derived from available Special Tax collections, or other security equal to the Reserve Requirement 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 the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming Bonds from the Bond Fund, or in the event of a prepayment of the Special Tax, as a credit in accordance with the Rate and Method. Whenever transfer is made from the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the County.

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

Moneys in the Reserve 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 will remain therein until the balance exceeds the Reserve Requirement.

In connection with the issuance of Additional Bonds, additional accounts within the Reserve Fund shall be established at or prior to the time the Additional Bonds are issued, and within such account, an amount at least equal to the reserve requirement for such Additional Bonds shall be deposited. See “ - Additional Bonds” below.

### **Special Tax Fund**

Pursuant to the Fiscal Agent Agreement, the County establishes a separate fund to be held by the Auditor-Controller, to the credit of which the Auditor-Controller is required to deposit all Special Tax Revenue received by the County. Moneys in the Special Tax Fund will be held by the Auditor-Controller for the benefit of the County and the Owners of the Bonds, will be disbursed as provided in the Fiscal Agent 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 other amounts under the Fiscal Agent Agreement, the Auditor-Controller shall withdraw from the Special Tax Fund and transfer in the following order of priority:

(i) to the Fiscal Agent for deposit in the Bond Fund, (a) an amount necessary to pay any principal or interest on the Bonds not paid when due, together with additional interest at the interest 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 payment of 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 August in any calendar year in which the fiscal year commences, 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 calendar year in which the fiscal year commences;

(ii) to the Fiscal Agent an amount so that the amount in the Reserve Fund equals the Reserve Requirement;

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

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

**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 Owners of the Bonds. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Auditor-Controller in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date. At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Bonds on the next Interest Payment Date.

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. 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.

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.

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 Rate and Method and the Act) in accordance with the procedures set forth in the Rate and Method for the purpose of curing any Bond Fund deficiencies.

**Acquisition and Construction Fund**

Pursuant to the Fiscal Agent Agreement, the County established a separate fund held by the Auditor-Controller, known as the "County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills) Acquisition and Construction Fund," which fund is held and maintained in trust by the County, and all money remaining in the Special Tax Fund on September 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of the Fiscal Agent Agreement, shall be deposited by the County in the Acquisition and Construction Fund. All money in the Acquisition and Construction Fund shall be used and withdrawn by the County for the payment of costs of the acquisition and construction of the Facilities, development fees for capital improvements, or otherwise in any manner for the benefit of the CFD in accordance with and as permitted by the Act.

**Additional Bonds**

The Board of Supervisors may, at any time after the issuance and delivery of the 2019 Bonds, 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 then outstanding Bonds, upon satisfaction of specific conditions, which include conditions that:

- (i) The proceeds that would have been available to the County if the Special Tax had been levied and collected at the annual Maximum Annual Special Tax rates on all Taxable Property (as defined in the Rate and Method of Apportionment) in the CFD 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 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 Property (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 and/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 Property 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 Property; and

(iii) The fair market value of the Tentative Map and Undeveloped Property, 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 two times the sum of (1) the proportion of the aggregate principal amount of all Outstanding Bonds following issuance of the Additional Bonds payable from Special Taxes to be levied on the Tentative Map and Undeveloped Property plus (2) the aggregate principal amount of all special assessment bonds then outstanding and payable from special assessments levied on the Tentative Map and Undeveloped Property 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 Tentative Map and Undeveloped Property.

In connection with the issuance of Additional Bonds, a reserve account shall be established at or prior to the time the Additional Bonds are issued, and within such account, an amount at least equal to the Reserve Requirement calculated with respect to such Additional Bonds or with respect to all parity Bonds combined, as determined by the County.

Subordinate Bonds. The Fiscal Agent Agreement imposes no limitation on the County's ability to issue one or more series of special tax bonds of the CFD that are secured by the proceeds of the Special Tax on a subordinated basis to the 2019 Bonds and any Additional Bonds.

## DEBT SERVICE SCHEDULE

The annual debt service on the 2019 Bonds, based on the interest rates and maturity schedule set forth on the cover of this Official Statement, and assuming no optional or extraordinary prepayments of the Special Tax, is set forth below.

### COUNTY OF EL DORADO COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BASS LAKE HILLS) 2019 SPECIAL TAX BONDS DEBT SERVICE

Year Ending (Sept. 1) <sup>(1)</sup>	2019 Bonds Principal	2019 Bonds Interest	2019 Bonds Total*	Maximum Special Tax Revenues <sup>(2)</sup>	Debt Service Coverage <sup>(3)</sup>
2019 <sup>(4)</sup>	\$				
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					
2045					
2046					
2047					
2048					
2049					
<b>Total</b>	<b>\$</b>				

\* Preliminary, subject to change

(1) Maximum Special Taxes presented on a fiscal year basis ending June 30. Debt service presented on a bond year basis ending September 1.

(2) At build out assuming current development plans.

(3) Based on Maximum Special Tax Revenues divided by 2019 Bonds debt service.

(4) The 2019 Bonds' debt service will be paid from capitalized interest in 2019.

Source: *The Underwriter and NBS.*

## THE FACILITIES

### Eligible Facilities

The 2019 Bonds will provide a funding source to acquire from Lennar Winncrest certain Facilities authorized to be financed by the District.

The Facilities eligible to be financed by the District are set forth in Exhibit A of the Resolution of Formation in connection with the formation of the District. The Facilities generally consist of transportation improvements, potable and nonpotable water system improvements, drainage system improvements, wastewater system improvements, park, park and landscape corridor improvements, open space improvements, and development impact fees intended to fund construction of authorized facilities. Construction of portions of backbone infrastructure that qualify as Facilities is underway by Lennar Winncrest.

### Estimated Cost of the Facilities

The primary Facilities expected to be reimbursed in whole or in part from Bond proceeds or Special Tax collections include improvements to facilitate the realignment of the Country Club Drive and Bass Lake Road intersection to a northerly point along the current alignment of City Lights Drive, and will include a signal light, as well as a full overlay of Bass Lake Road south to Highway 50, and on and off ramp improvements to the Bass Lake Rd Highway 50 interchange, as well as impact fees due to El Dorado Irrigation District, all of which are required improvements for the development to proceed. All three projects have the same requirements under the project specific Conditions of Approval and Development Agreements for offsite improvements.

The estimated costs of the Facilities expected to be financed by the Bond proceeds are expected to be the TIM Improvements listed below. The below list also shows impact fees projected to be financed by a future series of bonds.

**Table 1**  
**County of El Dorado**  
**Community Facilities District No. 2018-1 (Bass Lake Hills)**  
**Special Tax Bonds Series 2019**  
**Projected List of Facilities (Rounded) to be Bond Financed and Estimated Cost**  
**As of March 1, 2019**

<b>Offsite Development</b>		
<b>TIM Improvements (segment)</b>		
T1: Bass Lake Rd/Country Club Rd		\$11,778,417
T2: Country Club Drive		72,726
T4: Highway 50/Bass Lake Rd. Interchange		240,000
T6: Traffic Signal		240,000
<b>Subtotal</b>		<b>\$12,495,668</b>
<b>Development Impact Fees (Rounded)</b>	<u>Per Unit</u>	
El Dorado Irrigation District FCC (Due at FM)	\$36,162	\$10,161,000
<b>Subtotal</b>		<b>10,161,000</b>
<b>TOTAL</b>		<b>\$22,657,190</b>

*Source: Lennar; Fee rates/unit per El Dorado County.*

The conditions of approval and Development Agreements require, either one of the following shall be done prior to issuance of a building permit: (i) the Developer shall be under

contract for construction of the TIM improvements listed above with proper sureties in place, or (ii) the Developer shall have submitted to the County a bid-ready package and adequate funding for that construction and made reasonable efforts to secure all necessary rights-of-way and permits for such construction to proceed. As of March 2019, Lennar reports it has submitted improvement plans, specifications/estimates and draft bid-ready packages for all required improvements, it has secured right of way and is working with the County to secure any outstanding segment, it will enter contracts for construction of the required improvements once improvement plans are approved, and it will put proper sureties in place prior to the start of construction.

As of March 1, 2019, approximately \$400,000 of the estimated \$22.6 million cost of the Facilities has been expended by Lennar or Lennar Winncrest. Bonds for the District are authorized in a principal amount of \$25 million; Lennar and Lennar Winncrest expect to provide funding of any cost of the Facilities not financed by Bonds. The Rate and Method provides that the funding of Facilities costs can also be made from collections of the Special Tax available as the "pay-as-you-go" component of Special Taxes, provided that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT - Financing Plan" below.

**Joint Community Facilities Agreements.** Pursuant to a joint facilities agreement entered into with El Dorado Irrigation District, the County has provided for utilizing funds generated by the District for payment of fees for authorized water related facilities to be owned by such entities and necessary for development in the District.



## THE DISTRICT

The District comprises approximately 184 acres under development and expected to be developed into a total of 281 single-family homes in three neighborhoods: Hawk View (114 units), Bell Ranch (113 units) and Bell Woods (54 units). The three development neighborhoods are near to each other but not contiguous. The District is located in the unincorporated community of El Dorado Hills, within a portion of the Bass Lake Specific Plan area described below, approximately 23 miles east of the central business district of Sacramento and about 122 miles northeast of San Francisco and adjacent to the city of Folsom to the west.

**Formation of the District.** On July 17, 2018, the Board of Supervisors adopted a Resolution of Intention to form a community facilities district under the Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Facilities and making contributions to certain public facilities. After conducting a noticed public hearing, on August 18, 2018, the Board of Supervisors adopted the Resolution of Formation, which established Community Facilities District No. 2018-1 (Bass Lake Hills), set forth the Rate and Method within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed \$25,000,000. On the same day, an election was held within the District in which the only landowners/voters in the District, Lennar Homes of California, Inc. and Lennar Winncrest approved the proposed bonded indebtedness and the levy of the Special Tax. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below.

### District Location

**The County.** El Dorado County comprises approximately 1,805 square miles of land that includes foothills, valleys and mountain peaks. Its western border is adjacent to California's Central Valley, and its eastern border meets the State of Nevada in the Sierra Nevada Mountains, overlooking Lake Tahoe. The County has two incorporated cities, Placerville and South Lake Tahoe. Placerville is the county seat, located 42 miles east of Sacramento and 145 miles northeast of San Francisco. South Lake Tahoe is located 60 miles east of Placerville and is the hub of the popular Tahoe recreation area.

**El Dorado Hills.** The unincorporated El Dorado Hills area of the County, located in the western portion of the County adjacent to the City of Folsom in Sacramento county, has seen considerable growth in recent years, with many new residential units completed, concentrated mostly in the master-planned communities of Serrano and The Promontory north of U.S. Highway 50, as well as the Blackstone community and the nearby Carson Creek age-restricted community, both developed by Lennar south of Highway 50. The typical single family home in the growth areas is generally less than ten years old and is priced from \$600,000 for smaller residences to well above \$1,000,000 for larger, custom homes. Many of the custom homes in the area with lot sizes in excess of 10,000 square feet have lake views (Folsom Lake) and/or views of the city of Sacramento.

The District's location near Highway 50 and at the foot of the Sierra foothills places it within a major economic and transportation activity corridor of the Sacramento region. El Dorado Hills Business Park and El Dorado Hills Town Center are significant commercial developments and the largest local employment centers. The Town Center includes retail stores, offices, restaurants, a movie theater, a Target department store and a Mercedes Benz dealership.

### Bass Lake Hills Specific Plan

The District comprises a portion of the 1,196-acre Bass Lake Hills Specific Plan ("**BLSP**") area within El Dorado Hills. The BLSP area lies approximately 3 miles east of the Sacramento/El Dorado County line, within the eastern portion of El Dorado Hills and adjacent to the west end of Cameron Park. U.S. Highway 50, a major east-west route of the U.S. Highway system, forms the southern BLSP area boundary and Bass Lake Road, an off-ramp to Highway 50, transects the area in a north/south direction. Bass Lake itself is approximately one-quarter mile north of the BLSP area. The BLSP was established November 7, 1995. Most of the plan area consists of rolling hills which will facilitate homesites with views of the surrounding area. The BLSP area is projected to accommodate a maximum of 1,458 dwellings.

**Maps.** A District boundary map is shown on the following page.

[Reserved for boundary map]

## Planned Development in the District

*Lennar Homes of California, Inc. is a California corporation, and has provided the following information with respect to development within the District. No assurance can be given that all information is complete. No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. Although Lennar currently expects to develop all the homes in the District, the ownership and development of the remaining undeveloped parcels is subject to change, the development plans outlined below may not be continued by a subsequent owner if the parcels are sold, although development by any subsequent owner will be subject to the BLSP, the Development Agreements described herein and the policies and requirements of the County. No assurance can be given that the plans or projections detailed below will actually occur.*

**Overview.** The District is comprised of the three neighborhood development areas shown below. All of the land in the District was purchased by Lennar Winncrest, LLC in August 2017, which entity is responsible for offsite development. Lennar subsequently purchased the Hawk View land and will purchase the Bell Ranch land as finished lots from Lennar Winncrest, LLC in 2020 pursuant to agreements between the two entities. Lennar is a homebuilder and intends to develop and sell all of the homes planned for the Hawk View and Bell Ranch neighborhoods. The Bell Woods land, currently owned by Lennar Winncrest, is expected to be sold to an unaffiliated merchant builder upon completion of the offsite infrastructure being installed by Lennar Winncrest, LLC.

**Development Agreements.** The real property within the District is subject to the terms and provisions of a Community Benefit and Development Agreement executed by Lennar Winncrest for each of the Hawk View, Bell Woods and Bell Ranch areas, each dated as of September 19, 2017.

Each Development Agreement has a 10-year term, is assignable, runs with the property, and may be modified only by mutual consent of the County and the property owner and in a manner consistent with the Bass Lake Hills Specific Plan. Lennar and the County do not expect expiration of the Development Agreements and extensions may be allowed. Land use and development entitlements granted under the Development Agreement for property in the District are consistent with the Bass Lake Hills Specific Plan described above. Tentative map approvals for the projects extend for the same term as the Development Agreement.

The Development Agreements do not protect against subsequently enacted state or federal laws or regulations preventing or precluding compliance with one or more provisions of the Development Agreements, or from modification or suspension by a municipality into which the development is annexed or incorporated if the municipality determines that failure to do so would place the residents of the development or the residents of the County, or both, in a condition dangerous to their health or safety or both. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis."

**Mapping, Entitlements and Planned Construction.** Property in the District is zoned and entitled for the contemplated residential developments. Each development area has an approved Tentative Subdivision Map and Development Agreement and a portion of Hawk View, designated as Unit No. 1 and comprising the initial 59 lots, received Final Map approval in October 2018. Although it is typical in the region to obtain a final map prior to starting construction, the County collects certain fees at a project's final map stage and as such, it is not unusual for a developer to delay final map recordation and begin construction of horizontal improvements prior to final map. All wetland permitting processes and/or wetland mitigation requirements have been completed and

no discretionary approvals are required for development; development is allowed to proceed upon obtaining than final maps and building permits, which are non-discretionary.

The Appraisal indicates that the cost to complete the onsite and offsite infrastructure, as estimated and reported by Lennar, is as follows: for Hawk View, \$6,013,146, for Bell Ranch, \$15,348,357, and for Bell Woods \$4,107,649. Pursuant to a master agreement between Lennar and Lennar Winncrest, Lennar Winncrest under which Lennar has deposited certain moneys in escrow relative to its intention to acquire each of the three projects, Lennar Winncrest has the responsibility for contracting for, installation and completion of the infrastructure and Lennar is periodically billed for progress payments related to completed work. Upon completion of such infrastructure, Lennar acquires the land in finished lot condition from Lennar Winncrest.

*Hawk View.* Lennar owns the Hawk View land and expects to build all of the onsite improvements and the planned 114 homes. An initial final map for the 59 lots in the first of two phases of Hawk View development was obtained in October 2018. Lennar expects to receive final map approval for the remainder in September 2019. Model home construction is expected to begin in April 2019 and production home construction is expected to begin in May 2019.

*Bell Ranch.* Lennar expects to acquire the Bell Ranch land from Lennar Winncrest in finished lot condition in 2019 and obtain an initial final map for the first phase in August 2019 and the second phase in January 2020. Lennar expects to build all of the planned 113 homes and currently projects model home construction to start in March 2020 with production to start in July 2020.

*Bell Woods.* Lennar Winncrest, LLC expects final map approval for the Bell Woods to occur in the Fall of 2019. Lennar Winncrest has begun marketing the planned 54 lots for sale, with sales to be in finished lot condition, to an unaffiliated merchant builder other than Lennar; timing for the sale is currently projected for Fall 2019.

The table below describes the entitlements and planned residential construction and timings as of March, 2019.

**Table 2**  
**County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills)**  
**Entitlements, Development Plans and Projections\* and**  
**As of March 2019**

Development	Units	Tentative Map	Final Map	Model Homes Start	Production Homes Start	Date Last Home Close	Home Plan SF	Home Base Price
Hawk View Unit 1	59	Approved	Oct-18	Apr-19	May-19	Dec-22	2,005 - 3,141	\$647,000 - \$758,000
Hawk View Unit 2	55	Approved	Sep-19					
<b>Subtotal</b>	<b>114</b>							
Bell Ranch Unit 1	63	Approved	Aug-19	Mar-20	Jul-20	Oct-23	2,522 - 3,693	\$722,000 - \$820,000
Bell Ranch Unit 2	50	Approved	Jan-20					
Subtotal	113							
Bell Woods	54	Approved	Sep-19	TBD	TBD	TBD	TBD	TBD
<b>Subtotal</b>	<b>54</b>							
<b>Total - ALL</b>	<b>281</b>							

\* Current Lennar projection, subject to change.  
 Source: Lennar.

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

According to EID's 2016 Water Resources and Service Reliability Report dated September 12, 2016, its most recently adopted Water Resources and Service Reliability Report, water supply in El Dorado Hills is currently restricted by the infrastructure capacity of the El Dorado Hills Water Treatment Plant and other facilities. However, EID estimates that as of January 1, 2016 (no later estimate has been reported), this infrastructure-constrained, available potable water supply is adequate to serve current and anticipated future demand, including the ability to serve an additional 4,892 Equivalent Dwelling Units (EDUs) in the El Dorado Hills supply area. Existing agreements commit a total of 3,579 EDUs of this available supply to specific uses in El Dorado Hills. Lennar indicates that connections are secured at the time of final map recordation and it does not anticipate any water availability issues for development in the District to be completed.

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

**Flood Zone.** The properties in the District are located in Flood Zone X, 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. 06017C-0725E dated September 26, 2008.

**Utilities and Services.** Public utilities, including electricity, natural gas, water and telephone service, are available to property in the District. Lennar 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 Dept)
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/ Cameron Park CSD
Water and Sewer:	El Dorado Irrigation District
Electricity and Gas:	Pacific Gas & Electric
Telephone/Internet:	AT&T/Comcast

**Measure E Slow Growth Initiative on June 2016 Ballot.** The County has provided the following information with respect to development within the District. At the June 7, 2016 general election, voters in the County passed Measure E ("Measure E") amending policies to the County General Plan related to traffic impact mitigation by new development.

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

Measure E rescinded the 2008 amendments and makes further amendments to the County's General Plan policies regarding traffic impact mitigation by new development. The amended policies would remain in effect indefinitely and could only be amended by voter approval. Measure E amended Policy "TC-Xa" to require that road capacity improvements needed to prevent new development's cumulative traffic impacts from reaching LOS F be completed "before any form of discretionary approval can be given to a project." Measure E also amended Policy "TC-Xf", which provided two methods for the County to mitigate traffic impacts: (1) condition the project to construct necessary road improvements, or (2) ensure that the necessary road improvements are scheduled for construction within the County's Capital Improvement Program, which is primarily funded by impact fees collected with each building permit. Measure E eliminated the second option. Measure E further requires that mitigation fees and assessments be applied to the geographic zone from which they originated. Measure E also added a policy prohibiting the use of County tax revenues to pay for building road capacity improvements to offset traffic impacts from new development, unless County voters first approve.

Some aspects of Measure E were invalidated by a recent decision of the El Dorado County Superior Court. That decision has been appealed by the initiative proponents and the case is currently pending before the appellate court. It is unclear if implementation of Measure E after the court decision will continue to impact existing development projects which haven't yet received all of their discretionary approvals, and the extent of those impacts if any. Lennar expects that the impacts of the court decision related to implementation of passage of Measure E will not affect its ability to complete the project, as no discretionary approvals remain to be obtained to complete development in the District.

## OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

*Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the property within the District. There is no assurance that the present property owners or any subsequent owners will have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay the Special 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 Bond Owner will have the ability at any time to seek payment directly from the owners of property within the District of the Special Tax or the principal or interest on the Bonds, or the ability to control who becomes a subsequent owner of any property within the District.*

*Lennar has provided the information set forth in this section entitled "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." No assurance can be given that all information is complete. In addition, any Internet addresses included below are for reference only, and the information on those Internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement.*

*No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner, as described herein. The Special Taxes are not personal obligations of the developers or of any subsequent landowners; the Bonds are secured only by the Special Taxes and moneys available under the Fiscal Agent Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS" herein.*

### **Lennar Winncrest**

Lennar Winncrest, LLC, is a Delaware Limited Liability Company, formed in 1998. Its members are Lennar Homes of California, Inc., a California Corporation (herein "Lennar"), and Winncrest Natomas II, LLC, a California limited liability company. Lennar Homes of California Inc. ("Lennar") is a wholly owned subsidiary of Lennar Homes, a public company whose shares are traded on the NYSE:LEN, and the largest public homebuilder in the United States. Winncrest Natomas II, LLC, ("Winncrest") is a Sacramento based real estate development company whose principal is Thomas P. Winn. Mr. Winn, either through Lennar Winncrest or in other ventures, has developed multiple properties in the Sacramento area over the past 40 years. Lennar Winncrest has developed several successful projects since its formation, including Westlake and Natomas Park in Sacramento. More information on Mr. Winn is available on the internet at [www.winn-communities.com](http://www.winn-communities.com).

The management structure of Lennar Winncrest differs from project to project. For the Bass Lake Hills project, Lennar's responsibilities generally include CFD formation and administration and construction management, while Winncrest's responsibilities are entitlements, permitting and overseeing construction of the off-site improvements. Major decisions are made by agreement of both members. Pursuant to the terms of an operating agreement, Lennar and Winncrest each have a fifty percent (50%) responsibility for capital contributions. Lennar's capital contribution will be met from its share of land sale proceeds and cash on hand. Winncrest's capital contributions will also be met from its share of land sale proceeds and cash on hand.

### **Lennar**

Lennar as referred to herein is Lennar Homes of California, Inc., a California corporation. Lennar is based in Aliso Viejo, California, and has been in the business of developing residential real estate communities in California since 1995. Lennar is wholly-owned by U.S. Home



Corporation, a Delaware corporation; U.S. Home is wholly-owned by Lennar Corporation, a Delaware corporation ( “Lennar Corporation” ).

Lennar Corporation was formed in 1954 for the purpose of real estate development and is a wholly-owned subsidiary of Lennar Corporation, a Delaware corporation. Lennar Corporation is a diversified real estate company headquartered in Miami, Florida and publicly traded on the New York Stock Exchange under the symbol LEN. It has two classes of stock: Class A common stock which is entitled to one vote per share; and Class B common stock, which is entitled to ten votes per share. Stuart Miller, the President and Chief Executive Officer, has voting control, through family owned entities and personal holdings of Class A and Class B common stock. This entitles Mr. Miller to approximately 48% of the combined votes that can be cast by the holders of their outstanding Class A and Class B common stock combined.

Lennar Corporation started as a Dade County, Florida homebuilder in 1954 and currently reports that it is one of the largest homebuilders in the United States with operations in Arizona, California, Colorado, Florida, Illinois, Maryland, Minnesota, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia, West Virginia, and Wisconsin. 2018 marked the twenty-first year Lennar Corporation has operated in the Sacramento area.

Lennar Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such files can also be accessed over the Internet at the SEC’s website at [www.sec.gov](http://www.sec.gov). Copies of such material can be obtained from the public reference section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the office of the NYSE at 20 Broad Street, New York, New York 10005. Additionally, Lennar Corporation provides investor relations information on its website.

*Recent Litigation Against Lennar Corporation.* A lawsuit was filed in the State Court of California against Lennar Corporation relating to Lennar Corporation and LandSource Communities Development, LLC, a Delaware limited liability company (“LandSource”), in which the California Public Employees’ Retirement System (“CalPERS”) invested in 2007 (“Complaint”). LandSource filed for bankruptcy on June 8, 2008 (“LandSource Bankruptcy Matter”), and a plan for reorganization was approved by the bankruptcy court on July 20, 2009. (In re: LandSource Communities Development LLC, et al, Case No. 08-11111, United States Bankruptcy Court, District of Delaware.) The Complaint, which is filed as a qui tam action by a newly created limited liability company, makes a number of claims related to Lennar Corporation’s actions regarding LandSource and the related bankruptcy and seeks injunctive relief and damages (including statutory and treble) relating to CalPERS’ alleged \$970 million loss. Lennar Corporation filed a petition to remove the Complaint to federal court (Citizens Against Corporate Crime (“CACC”) v. Lennar Corporation (9th Circuit, California Eastern District Court, Case No. 2:2018cv01269). Lennar Corporation also filed a Motion to Reopen the Chapter 11 Bankruptcy Cases for the Limited Purpose of Enforcing the Injunction and Release in the Debtors’ Joint Chapter 11 Plan and Confirmation Order. Lennar Corporation contended that in addition to the Complaint being barred by the release and injunction in the LandSource Bankruptcy Matter, the Complaint was meritless and barred by applicable statutes of limitation and other defenses. On July 17, 2018, the Bankruptcy Court granted that motion, allowing Lennar Corporation to proceed with filing its proposed enforcement motion. After a hearing on October 25, 2018, the Bankruptcy Court granted the enforcement motion and found that CACC and its member Nicolas Marsch III (“Marsch”) filed the Complaint in violation of the injunction and release in the Chapter 11 Plan and Confirmation

Order and barred CACC, Marsch and their agents from prosecuting the Complaint. Further, the Bankruptcy Court enjoined CACC, Marsch and their agents from continuing to pursue released and enjoined claims and causes of action against Lennar Corporation in further violation of the Chapter 11 Plan and Confirmation Order. CACC filed a Notice of Appeal and Statement of Election; CACC also filed a Request for Consent to Dismiss the Complaint, and the federal district court dismissed the Complaint by minute order issued November 16, 2018. Lennar was not a party to the Complaint. Lennar believes that even if, in the unlikely event, the appeal and the underlying claims are successful against Lennar Corporation, Lennar will be able to complete the development and sale of its project within the District as described in this Official Statement and pay Special Taxes and ad valorem tax obligations on the property that it owns within the District prior to delinquency during Lennar’s period of ownership.

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

**Financing Plan**

Lennar Winncrest acquired the property in 2017 using available cash. The property is not currently encumbered by acquisition or construction financing loans.

Lennar’ funding for development of the residential lots and payment of the Special Taxes during construction is expected to be funded through self funding.

The following table summarizes sources and uses of funds through expected buildout of the development as estimated by Lennar.

**Table 4**  
**County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills)**  
**Lennar Winncrest Sources and Uses (Rounded)**  
**As of \_\_\_\_\_, 2019**

	Total	As of March 1, 2019	Remainder 2019	2020	Post 2020
<b>Sources</b>					
CFD Bond Proceeds	\$12,000,000	\$0	\$3,918,319	\$8,081,681	\$0
Land Sales (Net of Cost of Sale)	\$51,830,700	\$9,810,600	\$42,020,100	\$0	\$0
TIM Credits/Reimbursements	\$10,361,394	\$17,202	\$172,020	\$2,950,011	\$7,222,161
PFFP Credits/Reimbursements	\$3,522,486	\$15,381	\$153,810	\$1,013,972	\$2,339,323
EID Credits/Reimbursements	\$341,000	\$341,000	\$0	\$0	\$0
<b>Total Sources</b>	<b>\$78,055,580</b>	<b>\$10,184,183</b>	<b>\$46,264,249</b>	<b>\$12,045,664</b>	<b>\$9,561,484</b>
<b>Uses</b>					
Land Acquisition	\$19,032,000	\$19,032,000	\$0	\$0	\$0
Offsite Infrastructure	\$18,270,681	\$400,000	\$4,897,898	\$12,972,783	\$0
Onsite Infrastructure	\$30,339,656	\$200,000	\$12,516,995	\$16,822,661	\$800,000
Project Management	\$1,554,921	\$294,318	\$1,260,603	\$0	\$0
<b>Total Uses</b>	<b>\$69,197,258</b>	<b>\$19,926,318</b>	<b>\$18,675,497</b>	<b>\$29,795,443</b>	<b>\$800,000</b>
<b>Net Cash Flow</b>	<b>\$8,858,322</b>	<b>-\$9,742,135</b>	<b>\$27,588,752</b>	<b>-\$17,749,779</b>	<b>\$8,761,484</b>
<b>Cumulative</b>		<b>-\$9,742,135</b>	<b>\$17,846,617</b>	<b>\$96,838</b>	<b>\$8,858,322</b>

Source: Lennar

## APPRAISAL OF PROPERTY WITHIN THE DISTRICT

### The Appraisal

**General.** Integra Realty Resources, Roseville, California (the "Appraiser") prepared an appraisal report dated February 28, 2019 (the "Appraisal") estimating the value of land within each of the three development sites in the District, with a date of value of December 17, 2018 (the "Date of Value"). The Appraisal was prepared at the request of the County and is set forth in APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

**Value Estimates.** The Appraiser valued the fee simple estate of the taxable property in the District to estimate the market value of the property in bulk, (based on the hypothetical condition the improvements to be financed by the Bonds were in place as of the date of valuation). The valuation accounts for the impact of the lien of the Special Tax and represents the market value (based on the assumptions and limiting conditions cited below) of all the land in the District, based on the hypothetical condition that certain public infrastructure improvements financed by proceeds from the 2019 Bonds has been completed. The estimate of market value accounts for the impact of the Lien of the Special Taxes securing the 2019 Bonds. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

The Appraiser concluded that the property appraised excludes property in the District designated for public and quasi public purposes. The value estimate for the property as of the Date of Value, using the methodologies described in the Appraisal and subject to the limiting conditions and special assumptions set forth in the Appraisal, and based on the ownership of the property as of that date is estimated to be \$39,290,000, allocated to Lennar and Lennar Winncrest and the development areas as follows:

<b>Property Owner/ Development Area</b>	<b>Appraised Value</b>
Lennar:	
Hawk View	\$19,890,000
Lennar Winncrest:	
Bell Ranch	12,100,000
Bell Woods	7,300,000
<b>Total</b>	<b>\$39,290,000</b>

**Market Value, Bulk Value.** The bulk sale value represents the most probable price, in a sale of certain parcels within District, to a single purchaser or sales to multiple buyers, over a reasonable absorption period discounted to present value.

**Assumptions and Limiting Conditions.** In considering the estimate of value evidenced by the Appraisal, the Appraisal is based upon a number of standard and special assumptions which affect the estimates as to value, some of which include the following. See "APPENDIX B – THE APPRAISAL."

- The value estimates assume that the BLSP area will have enough water supply to complete the Facilities.
- The Appraisal relies on property information that was provided by Lennar, as well as information summarizing the estimated bond proceed amounts and the infrasturcutre

that will be developed with the bond proceeds. The Appraisal assumes that the information provided is reasonably accurate and the project will be developed as proposed.

***Limitations of Appraisal Valuation.*** Property values may not be evenly distributed throughout the District; thus, certain parcels, zones or development units 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. See APPENDIX B - The Appraisal.

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 secured on parity with the Special Taxes. See "Overlapping Liens and Priority of Lien" below.

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

**Value to Special Tax Burden Ratios**

**Allocation of Special Tax Levy.** The following table shows the allocation of the estimated 2019-20 Special Tax levy among the development areas of the District.

**Table 5  
County of El Dorado  
Community Facilities District No. 2018-1 (Bass Lake Hills)  
Fiscal Year 2019-20 Maximum Special Tax Rates and Estimated Levy**

Development	Planned Residential Lots	2019-20 Maximum Special Tax Rates Per Unit (1)	2019-20 Maximum Special Tax Revenue	Development Status	Estimated 2019-20 Special Tax Levy (2)	% of Estimated 2019-20 Special Tax Levy
Hawk View						
Phase 1	59	3,000	\$177,000	Final Map	\$177,000	27%
Phase 2	55	3,000	165,000	Tentative Map	105,987	16%
Bell Ranch						
Phase 1	63	3,400	214,200	Tentative Map	137,591	21%
Phase 2	50	3,400	170,000	Tentative Map	109,199	17%
Bell Woods	54	3,600	194,400	Tentative Map	124,872	19%
<b>Total</b>	<b>281</b>		<b>\$920,600</b>		<b>\$654,650</b>	<b>100.00%</b>

(1) Maximum Special Tax Rates increase by 2% per year.

(2) Includes estimated amounts for debt service, administrative expenses.

Source: NBS

**District Value to Bonds Ratio.** The Appraisal sets forth the estimated bulk sale discounted value, subject to the Special Tax lien, of all taxable property within the District to be not less than \$39,290,000, subject to the limiting conditions stated therein. (See "The Appraisal" above and Appendix B hereto.) The principal amount of the Bonds is \$12,000,000\*. Consequently, the Appraised Value of the Taxable Property within the District, is approximately 3.27\* times the principal amount of the Bonds, as shown below.

For each of the three development areas in the District the estimated appraised value to allocation of the 2019 Bonds ratio is as follows:

**Table 6  
County of El Dorado  
Community Facilities District No. 2018-1 (Bass Lake Hills)  
Value to Bond Debt Ratio**

<b>Development</b>	<b>Appraised Value</b>	<b>Estimated 2019/20 Special Tax Levy</b>	<b>2019 Bonds Allocation*</b>	<b>Value to 2019 Bonds Ratio</b>
Hawk View	\$19,890,000	\$282,988	\$5,187,281	3.83:1
Bell Ranch	12,100,000	246,790	4,523,758	2.67:1
Bell Woods	7,300,000	124,872	2,288,961	3.19:1
<b>Total</b>	<b>\$39,290,000</b>	<b>\$654,650</b>	<b>\$12,000,000</b>	<b>3.27:1</b>

*Source: NBS*

\* Preliminary, subject to change.

In comparing the Appraised 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.

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 lien created on the land within the District through the levy of such additional taxes or assessments may be on parity with the lien of the Special Tax. In addition, construction loans may be obtained by developer owners or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be subordinate to the lien of the Special Tax.

\* Preliminary; subject to change.

**Overlapping Liens and 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 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.

Set forth below is an overlapping debt table showing the existing direct and overlapping bonded debt payable with respect to property within the District. This table has been prepared by California Municipal Statistics Inc. as of the date indicated, and is included for general information purposes only. The County has not reviewed the data for completeness or accuracy and makes no representations in connection therewith.



**Table 7  
County of El Dorado  
Community Facilities District No. 2018-1 (Bass Lake Hills)  
Summary of Overlapping Debt  
February 2019**

2018-19 Assessed Valuation: \$19,032,000 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/1/19</u>
Los Rios Community College District General Obligation Bonds	0.010%	\$ 38,548
El Dorado Union High School District General Obligation Bonds	0.083	49,979
Buckeye Union School District General Obligation Bonds	0.120	29,248
Rescue Union School District General Obligation Bonds	0.163	34,508
Cameron Park Community Services District General Obligation Bonds	0.127	8,846
El Dorado Irrigation District General Obligation Bonds	0.304	745
<b>El Dorado County Bass Lake Community Facilities District</b>	<b>100.</b>	<b>- (1)</b>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$161,874</u>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Rios Community College District Certificates of Participation	0.010%	\$ 43
El Dorado Union High School District Certificates of Participation	0.083	5,023
Buckeye Union School District Certificates of Participation	0.120	24,106
Rescue Union School District Certificates of Participation	0.163	<u>19,419</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$48,591
 COMBINED TOTAL DEBT		 \$210,465 (2)

(1) Excludes 2019 Mello-Roos Act bonds to be sold.

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

Ratios to 2018-19 Assessed Valuation:

<b>Direct Debt (\$0)</b> .....	<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt..	0.85%
Combined Total Debt.....	1.106%

Source: California Municipal Statistics.

There can be no assurance that the current owner or any subsequent owner 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 owner.

Private liens, such as deeds of trust securing loans obtained by the 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.

**Estimated Tax Burden on Single Family Home**

The Special Tax Consultant has obtained a projected overall tax burden based on an assumed a single-family residence with an assessed value of \$705,250, calculated to be approximately 1.66%, as shown in the following table.

**Table 8  
County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills)  
Projected Overall Tax Burden for Single-Family Residence at Estimated Value\*  
(Fiscal Year 2019-20)**

<u>Assessed Value</u>		
Estimated Average Sales Price		\$779,250.00
(Less) Homeowner Exemption		<u>(7,000.00)</u>
Average Assessed Value		\$772,250.00
Average Assessed Land Value (1)		\$143,000.00
<u>Ad Valorem</u>		<u>Tax Rate</u>
General Purpose Ad Valorem Tax (Proposition 13)	1.0000%	\$7,722.50
Rescue Elementary School 1998	0.0196%	151.42
El Dorado Union High School District	0.0147%	113.43
Los Rios Community College District	<u>0.0131%</u>	<u>101.16</u>
Subtotal Ad Valorem Taxes - Against Total Value	1.0474%	\$8,088.51
El Dorado Irrigation District - Against Land Value Only	<u>0.0040%</u>	<u>\$5.72</u>
Total Ad Valorem Taxes	1.0514%	\$8,094.23
<u>Special/Direct Assessments</u>		
CSA 10 Solid Waste Management/Litter Collection		\$17.00
CSA 10 Household Hazardous Waste Fee		3.00
CSA 7 West Slope Ambulance Service Fee		25.00
EDH CSD LLAD Hawk View		1,144.09
EDH CSD CC&R Assessment		10.00
Library Services Tax (Zone E)		<u>25.00</u>
Total Special/Direct Assessments		\$1,224.09
<u>Mello-Roos Community Facilities District (CFD)</u>		
CFD 2018-1 Bass Lake Hills		\$3,400.00
CFD 2019-1 Bass Lake Hills Services		<u>161.98</u>
Total CFD Special Taxes		\$3,561.98
<b>Total Estimated Annual Property Taxes</b>		<b>\$12,880.30</b>
Effective Tax Rate		1.6529%
Effective Tax Rate - Excluding CFD Taxes		1.1958%

\* Estimate of annual property taxes does not include any new special financing district fees, assessments, and/or special taxes imposed by the state, county, or local agencies that are yet to be established or any future annexation into existing special financing districts required by conditions for approval of development. Information contained within is based upon records and official documents provided by various governmental agencies and third-party sources.

(1) Estimated land value for average home.  
Source: Alliant Tax Research

## **SPECIAL RISK FACTORS**

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

### **Concentration of Property Ownership**

Land in the District is presently comprised of tentative mapped undeveloped residential land, all currently owned by Lennar or Lennar Winncrest. Such concentration of ownership means that the timely payment of the Bonds is dependent upon the continued willingness and ability of Lennar and Lennar Winncrest, respectively, to pay the Special Taxes when due. Until further diversification of ownership occurs, the failure of Lennar, Lennar Winncrest 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 Bonds. The County has covenanted for the benefit of the owners of the Bonds that the County will initiate judicial foreclosure proceedings under certain conditions in the event of a delinquency in payment of one or more installments of the Special Tax as more fully described herein. See "SECURITY FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Foreclosure."

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

### **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 Appraisal, an inability of Lennar, Lennar Winncrest 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.

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

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 Bonds more dependent upon timely payment of the Special Taxes levied on Lennar and Lennar Winncrest. Because of the concentration of property ownership, until sales are well underway, the timely payment of the Bonds depends upon the willingness and ability of Lennar to pay the Special Taxes levied on its property when due. The Rate and Method allocates the Special Tax first to Developed Property, second to Final Map Property and third to Undeveloped Property, as more fully described herein under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Levy of Annual Special Tax, Maximum Special Tax."

### **Disclosures to Future Purchasers**

The County has recorded a Notice of Special Tax Lien in the Office of the County Recorder. See "THE 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 or a home 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 Lennar to comply with all disclosure requirements of the Act, specifically including the notice to prospective purchasers under Section 53341.5 of the Act.

### **Mandatory Redemption from Prepayment of Special Taxes**

The Bonds are subject to mandatory redemption from prepayment of special taxes. Such prepayment could be made by any of the owners of any of the property within the District including Lennar, Lennar Winncrest, a merchant builder or any individual property owner. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting redemption of Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Bonds.

### **Impact Fees Litigation**

In December 2015, a lawsuit was filed claiming that the County failed to adopt the required periodic findings specified by statute with respect to the collection and expenditure of development impact fees collected by the County and deposited into eight County-maintained funds, and the County is thus obligated to refund all moneys held in these funds to the current lot owners. (*Austin v. County of El Dorado*, Case No. PC20150633). Of the eight impact fee funds that are the subject of the litigation, Lennar (or a related entity) paid specific impact fees into these five funds: 2004 General Plan El Dorado Hills, 2004 General Plan Highway 50 Variable Fee Fund, El Dorado Hills County Safety Fee Fund, El Dorado Hills Community Services District Park Fee Fund, El Dorado Hills County Water District Fire Impact Fee Fund. The impact fees are imposed, collected, and programmed by the County with the exception of the park and fire funds. Two other petitions have been filed related to the development impact fees collected by the County and deposited into the 2004 General Plan Highway 50 Variable Fund. (*Lunsmann v. County of El Dorado*, Case No. PC20170021; *Sheetz and Friends of El Dorado County v. County of El Dorado*, Case No. PC20170255). The Austin lawsuit is currently stayed by the appellate court; the Lunsmann and Sheetz cases are still pending in trial court. If the plaintiffs in these cases ultimately prevail and County is required to refund the money held in those funds to the current lot owners, it is uncertain if Lennar or Lennar Winncrest would be a recipient of refunded moneys.

The lawsuits have no direct impact on the construction or completion of development within the District. If plaintiffs ultimately prevail before completion of the development in the District and the County is required to refund the moneys held in these funds to the current lot owners, it may potentially delay the construction or completion of public road improvements and park facilities in the El Dorado Hills area.

### **Future Land Use Regulations**

Notwithstanding that the Development Agreements, approved tentative and/or final maps and certain other land use approvals which have been obtained, no assurance can be given that such documentation will ultimately exempt the development in the District 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 Government Code relating to development agreements along with any related County Ordinances, 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 "THE DISTRICT - Measure E Slow Growth Initiative on June 2016 Ballot" and "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 Lennar or Lennar Winncrest, or a successor, to complete the proposed Development. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis" above.

## **Earthquakes**

The District, like many 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 when due. 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. Lennar and Lennar Winncrest indicate that no special status plant or wildlife species were found on site during the field surveys conducted in preparation of the EIR, and 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 or federal endangered species acts, inhabits any of the proposed development within the District. However, other than any that are permitted by the entitlements already received, the discovery of an endangered plant or animal could delay development or reduce the value of undeveloped property in the District. 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."

## **Hazardous Substances**

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

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

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

### **Naturally Occurring Asbestos**

Naturally occurring asbestos is found in the rocks (primarily serpentine) and soil of El Dorado Hills. Natural weathering or human disturbance can break crystalized asbestos 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 the 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 an 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 four miles north 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**

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 19 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.

Although Lennar and Lennar Winncrest, LLC do not currently foresee any water permitting restrictions for the planned development, 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, making the owners of the Bonds more dependent upon Lennar's or Lennar Winncrest, LLC's timely payment of the Special Taxes levied on the undeveloped property. 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 "Future Land Use Regulations" above.

### **Water Reports**

On August 22, 1995, The Board of Supervisors adopted Ordinance No. 4325 (the "Water Ordinance"). The Water Ordinance requires the County to obtain water supply and demand data (the "Water Data") from public water agencies and districts within the County, provide for public review of the Water Data, and hold public hearings prior to acceptance of the Water Data.

The Water Ordinance further requires that a long-term water plan be prepared and updated annually. This plan is required to contain information relating to public water needs of



projects in the County, and a water availability assessment for each public water district, among other things. The County is required to mail a summary of this assessment to all County property owners on the current property tax assessment roll. A companion Ordinance No. 4385 amended Ordinance No. 4325 by requiring the annual reporting to be completed on or before July 1 of each calendar year, beginning in 1996.

Current state legislation now mandates the same objectives of County Ordinance No. 4325. Because County can rely on analysis and reports currently being produced pursuant to existing state statutes to meet the objectives of County Ordinance No. 4325, the ordinance has been amended. On December 4, 2018, the Board adopted Ordinance No. 5096 which repealed Ordinance No. 4385 and repealed and replaced Ordinance No. 4325. Ordinance No. 5096 eliminated the requirements for an annual updating and approval of the Water Plan and the annual mailing out to all property owners of the water assessment summary. Pursuant to Ordinance No. 5096, the preparation and posting of the countywide water management plan shall be as provided for in a Memorandum of Understanding between the County and the El Dorado County Water Agency, an agency created pursuant to Chapter 96 of the 1959 Water Agency Act (Water Code App. 96.1 et seq.) (hereinafter "EDCWA"). The establishment of EDCWA allows the agency to develop a Countywide Water Plan which includes projected water supply and demand needs based on the approved current El Dorado County General Plan grown projections and the Urban Water Management Plans as prepared by the County water purveyors. The Countywide Water Management Plan will be prepared concurrently with the Urban Water Management Plans and will be updated by EDCWA at least every five (5) years. EDCWA will coordinate with the County's water purveyors to provide a water availability assessment for each public water purveyor that determines the adequacy of existing and planned future public water supplies to meet existing and planned future demand on these water supplies.

### **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 parity with that securing the Special Tax, and any such special assessments may create a lien on such property on parity with that securing the Special Tax. The imposition of additional liens on parity with the Special Taxes could reduce the ability or willingness of the landowners to pay the Special Taxes and increases the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes or the principal of and interest on the Bonds when due.

The County has covenanted that it will not issue additional bonds secured on parity with the Bonds unless a specified debt service coverage requirement and value-to-lien requirement, 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 may encumber those properties sold by Lennar or third party merchant builders 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 Lennar 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 valuation estimates presented herein represent an aggregate estimate of the assessed value of certain parcels and the appraised value of the remaining parcels. The Appraisal is based upon a variety of assumptions and limiting conditions. The assessed valuation reflects the estimate of the Assessor of market value when acquired (or 1975, whichever is later), increased by up to 2% per year and may be increased by the value of newly constructed improvements which has occurred since the date of acquisition. The actual market value of parcels in the District, if sold at foreclosure, may be higher or lower than either the Assessor's assessed values or the appraised value.

Prospective purchasers of the Bonds should not assume that the property within the District could be sold for the assessed or 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 or the Assessor in determining value. For additional information concerning the Appraisal and the assumptions contained therein, see Appendix B. Also see "Estimated Valuation of Property Within the District - Components of Composite Valuation Estimate."

### ***Proposition 60, Proposition 90, and Proposition 110.***

The State has enacted legislation with regard to transferred base year assessed values according to Proposition 60 or Proposition 90 ("**Prop 60/90**") and Proposition 110 ("**Prop 110**"). Proposition 60 allows homeowners aged 55 and older to transfer the base year value from their original residence within the County (assuming it has met certain criteria) to a replacement residence within the County and Proposition 90 allows homeowners aged 55 and older to transfer the base year value from their original residence outside the County (assuming it has met certain criteria) to a replacement residence within the County; Prop 110 confers the same permission to homeowners who are permanently disabled. The County adopted a Proposition 90 ordinance which became effective in 2010, however on December 5, 2017, the County Board of Supervisors voted to repeal the Proposition 90 ordinance effective November 7, 2018. As a result, the County has discontinued accepting Proposition 90 base year applications

for replacement principal residences acquired in the County effective that date. As a result, prospective purchasers may consider buying in more closely competing properties in Folsom, Roseville and other areas because of the lost tax incentive for buying in the County, however Lennar does not expect that loss of these base year value transfers will materially affect overall sales of homes in the District.

**Collection of Special Tax**

In order to pay debt service on the Bonds, it is necessary that the Special Taxes against taxable land within the District be paid in a timely manner. Should the Special Taxes not be paid on time, the County has established 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 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 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 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; As described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Levy of Annual Special Tax; Maximum Special Tax," 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 BONDS - Delinquent Payments of Special Tax; Covenant for Foreclosure." The County may be unable to make full or timely payment of debt service on the Bonds if property owners fail to pay installments of the Special Tax when due, if the Reserve 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 Special Tax Rates**

Within the limits of the Rate and Method and the Act, 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

Reserve Requirement 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 annual Maximum Special Tax rates. In the event of delinquencies, there is no assurance that the imposition of the annual Maximum Special Taxes on the various taxable Parcels within the District will create enough revenue to pay debt service on the Bonds. For information concerning the Rate and Method, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Special Tax Methodology."

**Exempt Properties**

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

**FDIC/Federal Government Interests in Properties**

**General.** The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes

and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on parity with the Special Taxes and preserve the federal government's mortgage interest. In Rust v. Johnson (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

### **Bankruptcy and Foreclosure Delays**

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

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

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

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

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

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

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

**No Acceleration Provision**

The 2019 Bonds do not contain a provision allowing for the acceleration of the 2019 Bonds in the event of a payment default or other default under the *terms* of the 2019 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 in the Fiscal Agent Agreement. So long as the 2019 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 2019 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2019 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 2019 Bonds were to be includable in gross income for purposes of federal income taxation, the 2019 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.

**Tax Cuts and Jobs Act**

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (the “**Tax Act**”). The Tax Act makes significant changes to many aspects of the Internal Revenue Code. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within the District and could adversely affect the sale of homes. The effect, if any, that the Tax Act may have on the cost of home ownership or the price of homes in the District, the rate at which homes in the District are sold to end users, or the ability or willingness of homeowners to pay Special Taxes or property taxes cannot be accurately predicted at this time.

**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 Lennar 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. See “THE DISTRICT - Measure E Slow Growth Initiative on June 2016 Ballot.”

**Absence of Secondary Market for the Bonds**

No application has been made for a credit rating for the 2019 Bonds, and it is not known whether a credit rating could be secured either now or in the future for the 2019 Bonds. There can be no assurance that there will ever be a secondary market for purchase or sale of the 2019 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 2019 Bonds should therefore be considered long-term investments in which funds are committed to maturity, subject to redemption prior to maturity as described herein.

### **Recent Case Law Related to the Mello-Roos Act**

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

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

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

As to the District, there were no registered voters within the District at the time of the election to authorize the Special Taxes. Significantly, the *San Diego* Court expressly stated that it was not addressing the validity of a landowner election to impose special taxes on residential property pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Therefore, by its terms, the *San Diego* Court's holding does not apply to the special tax election in the District.

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

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



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

Landowner voters approved the Special Taxes and the issuance of bonds for the District in compliance with all applicable requirements of the Mello-Roos Act on August 8, 2018. Therefore, pursuant to Sections 53341 and 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the special tax has expired.

Because the *San Diego* Court expressly stated that it did not consider the facts presented by the District and because the period for challenging the Special Taxes has passed, the County believes the Special Taxes are valid and cannot be challenged.

## LEGAL MATTERS

### Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the 2019 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX D.

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

### Tax Exemption

**Federal Tax Status.** 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 2019 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.

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 2019 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 2019 Bonds.

**Tax Treatment of Original Issue Discount and Premium.** If the initial offering price to the public at which a 2019 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 at which a 2019 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 2019 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 2019 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2019 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2019 Bonds who purchase the 2019 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2019 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 2019 Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2019 Bond (said term being the shorter of the 2019 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 2019 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2019 Bond is amortized each year over the term to maturity of the 2019 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 2019 Bond premium is not deductible for federal income tax purposes. Owners of premium 2019 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 2019 Bonds.

**California Tax Status.** In the further opinion of Bond Counsel, interest on the 2019 Bonds is exempt from California personal income taxes.

### **Other Tax Considerations**

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to 2019 Bonds issued prior to enactment. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2019 Bonds, or as to the consequences of owning or receiving interest on the 2019 Bonds, as of any future date. Prospective purchasers of the 2019 Bonds should consult

their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2019 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2019 Bonds, the ownership, sale or disposition of the 2019 Bonds, or the amount, accrual or receipt of interest on the 2019 Bonds.

**No Litigation**

At the time of delivery of and payment for the 2019 Bonds, the County Counsel 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 2019 Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreements, or the collection or application of the Special Tax to pay the principal of and interest on the 2019 Bonds, or in any way contesting or affecting the validity or enforceability of the 2019 Bonds, the Fiscal Agent Agreements or any action of the County contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the County or its authority with respect to the 2019 Bonds or any action of the County contemplated by any of said documents.

**CONTINUING DISCLOSURE**

The County has covenanted for the benefit of owners of the 2019 Bonds to provide certain financial information and operating data relating to the District by not later than April 30 after the end of the County’s fiscal year (presently June 30) in each year (the "**Annual Report**"), commencing with its report for fiscal year 2018-19, and provide notices of the occurrence of certain enumerated events.

Lennar and Lennar Winncrest, LLC have also covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the property it or its affiliates owns in the District by not later than April 1<sup>st</sup> and October 1<sup>st</sup> of each year beginning with the report due October 1, 2019 (the "**Developer Periodic Reports**"), and to provide notices of the occurrence of certain enumerated events. The developer obligation to provide such information is in effect only so long as Lennar, Lennar Winncrest, LLC and their affiliates and its affiliates, or their successors, are collectively responsible for 20% or more of the Special Taxes, as described in the Developer Periodic Reports and Lennar's and Lennar Winncrest, LLC's undertaking includes a provision that if a portion of either of their property which is responsible for such 20% is sold, the reporting obligation may be assumed by the new owner and the selling owner's obligations with respect to such property will be terminated, or if not so assumed, Lennar is to report such required information, as applicable to the transferee.

Lennar and Lennar Winncrest, LLC each represent that, other than as disclosed in this Official Statement, in the last five years, neither has not failed to comply in any material respects with its previous undertakings, specifically regarding its requirement to provide prior periodic reports or to provide notice of occurrence of enumerated events. However, in connection with a

continuing disclosure obligation entered into with respect to the \$12,850,000 County of El Dorado District No. 2014-1 (Carson Creek) Special Tax Bonds Series 2016, Lennar was late in filing the periodic reports due on April 1, 2017 and October 1, 2017. The oversight was discovered in late January, 2018, and Lennar promptly filed a curative report on February 1, 2018.

The Annual Report and the Developer Annual Report and notices of material events 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**"). The covenants of the County 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 material events by the County and Lennar is summarized in "APPENDIX E — FORM OF CONTINUING DISCLOSURE UNDERTAKINGS."

**[[FROM 2018 - to be updated]]].** The County has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of bonds. Within the last five years, the County has not met its disclosure undertakings with regards to timing of filing its audited financial statements for certain of its outstanding obligations. The County's audited financial statement for fiscal years 2012-13, 2013-14, 2018-15 and 2015-16 were filed approximately 6 months late. Within the last five years, with respect to previously issued Special Tax Bonds, the required operating data was generally timely filed except in the following instances: (i) operating data for CFD 2005-1 which was required to be filed for fiscal year 2012-13 was filed eight days late; and (ii) operating data for CFD 2001-1 was missing a table for fiscal year 2018-15. The County is now in full compliance with its disclosure undertakings. In order to assist it in complying with its disclosure undertakings, including timely submission of information for the Bonds, the District will utilize a third party to serve as its dissemination agent to assist with future disclosure undertakings. The County's initial dissemination agent will be NBS Government Finance Group. The County has also revised the due date for its annual reports from the October 30 date on certain of its other outstanding bonds to April 30 for the Bonds in order to further enhance its ability to comply with its continuing disclosure obligations. The County expects to be able to meet its disclosure obligations for the Bonds.

**NO RATINGS**

The County has not applied to a rating agency for the assignment of a rating to the Bonds and does not contemplate applying for a rating.

**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; Stradling, Yocca, Carlson & Rauth, a Professional Corporation, as Underwriter’s 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

**APPENDIX A**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

**APPENDIX B  
THE APPRAISAL**

**[Insert Appraisal]**

## APPENDIX C

### GENERAL INFORMATION ABOUT THE COUNTY OF EL DORADO

*The District's boundary is entirely within the County of El Dorado. This section provides certain information about the economy and demographic trends in the County. However, no revenues of the County or taxes on economic activity in the County are pledged to payment of the Bonds. The Bonds are payable from an ad valorem property tax required to be levied on all taxable property within the District's boundaries in an amount sufficient to pay debt service on the Bonds as it comes due.*

#### General and Location

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

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

#### Population

The historic population estimates for the County and the State of California as of January 1 of the calendar years 2011 through 2018 are listed below.

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

<b>Calendar Year</b>	<b>El Dorado County</b>	<b>State of California</b>
2011	181,227	37,529,913
2012	181,187	37,874,977
2013	180,729	38,234,391
2014	182,030	38,568,628
2015	183,172	38,912,464
2016	184,461	39,179,627
2017	186,223	39,500,973
2018	188,399	39,809,693

*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.”

*[Remainder of page intentionally left blank]*

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2012 through 2018. Effective Buying Income data is not yet available for calendar year 2019.

**EI DORADO COUNTY  
Effective Buying Income  
2012 through 2018**

<b>Year</b>	<b>Area</b>	<b>Total Effective Buying Income (000's Omitted)</b>	<b>Median Household Effective Buying Income</b>
2012	El Dorado County	\$5,207,083	\$54,870
	El Dorado Hills	1,693,403	85,957
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	El Dorado County	\$4,829,780	\$52,204
	El Dorado Hills	1,534,708	82,929
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	El Dorado County	\$5,395,993	\$58,399
	El Dorado Hills	1,718,595	88,591
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	El Dorado County	\$5,353,528	\$54,408
	El Dorado Hills	1,833,843	90,087
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	El Dorado County	\$6,287,714	\$62,284
	El Dorado Hills	2,139,288	97,207
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	El Dorado County	\$6,786,006	\$68,784
	El Dorado Hills	2,290,296	101,754
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2018	El Dorado County	\$6,884,494	\$67,948
	El Dorado Hills	2,379,822	103,027
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Neilson Company Inc.

**Taxable Transactions**

A summary of historic taxable sales within El Dorado County during the past five years in which data is available is shown in the following table. Annual figures for calendar year 2017 are not yet available.

Total taxable sales during the calendar year 2016 in El Dorado County were reported to be \$2,184,806,677, a 5.78% increase over the total taxable sales of \$2,058,534,017 reported during the calendar year 2015.

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

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2010	3,928	\$1,119,482	5,702	\$1,561,471
2011	3,849	1,189,421	5,589	1,651,689
2012	3,939	1,267,343	5,627	1,740,172
2013	4,144	1,373,546	5,783	1,877,143
2014	4,320	1,421,406	5,974	1,946,126
2015 <sup>(1)</sup>	2,343	1,481,255	6,619	2,058,534
2016	4,327	1,559,351	6,760	2,184,807

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

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

**Largest Employers**

The following chart presents in alphabetical order the major employers in the County as of December 2018.

**EL DORADO COUNTY  
Major Employers  
December 2018**

<b>Employer Name</b>	<b>Location</b>	<b>Industry</b>
Accredited Ems Fire Training	Not Available	Medical Emergency Training
Barton Memorial Hospital	South Lake Tahoe	Hospitals
Beach Retreat & Lodge	South Lake Tahoe	Hotels & Motels
Blue Shield of California	El Dorado Hills	Insurance
Broadridge Financial Solutions	El Dorado Hills	Business Services NEC
Camp Richardson Resort	South Lake Tahoe	Resorts
Camp Richardson Resort	South Lake Tahoe	Resorts
Child Development Programs	Placerville	Child Care Service
County of Eldorado	Placerville	County Government-General Offices
Cyber Quest-Red Hawk Casino	Placerville	Video Gamerooms
El Dorado Cnty Transportation	Placerville	Government Offices-County
El Dorado County Child Protctn	Placerville	Government Offices-County
El Dorado County Sheriff	Placerville	Government Offices-County
El Dorado Irrigation District	Placerville	Water & Sewage Companies-Utility
Heavenly Sports	South Lake Tahoe	Sporting Goods-Retail
Lake Tahoe Community College	South Lake Tahoe	Junior-Community College-Tech Institutes
Marriott's Vacation Club	South Lake Tahoe	Hotels & Motels
More	Placerville	Rehabilitation Services
Oak Ridge High School	El Dorado Hills	Schools
Raley's	Placerville	Grocers-Retail
Safeway	South Lake Tahoe	Grocers-Retail
Sierra-At-Tahoe Resort	Twin Bridges	Skiing Centers & Resorts
South Lake Tahoe City Manager	South Lake Tahoe	Government Offices-City, Village & Twp
Spare Time Inc	El Dorado Hills	Health Clubs Studios & Gymnasiums
Transitional Learning Ctr High		

*Source: State of California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.*

**Employment**

The District is included in the Sacramento--Roseville--Arden-Arcade Metropolitan Statistical Area (“MSA”). The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 3.5 percent in November 2018, unchanged from a revised 3.5 percent in October 2018, and below the year-ago estimate of 3.9 percent. This compares with an unadjusted unemployment rate of 3.9 percent for the State and 3.5 percent for the nation during the same period. The unemployment rate was 3.4 percent in El Dorado County, 3.0 percent in Placer County, 3.5 percent in Sacramento County, and 3.9 percent in Yolo County.

The table below lists employment by industry group for the MSA for the years 2012 through 2017. Annual figures are not yet available for calendar year 2018.

**SACRAMENTO--ARDEN-ARCADE--ROSEVILLE MSA  
(El Dorado, Placer, Sacramento, Yolo Counties)  
Annual Average Labor Force and Employment Industry  
Calendar Years 2012 through 2017  
(March 2017 Benchmark)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>Civilian Labor Force</u></b> <sup>(1)</sup>	1,047,900	1,046,500	1,047,200	1,055,900	1,070,900	1,080,900
Employment	939,900	955,800	972,600	994,100	1,014,300	1,031,700
Unemployment	108,000	90,700	74,600	61,800	56,600	49,200
Unemployment Rate	10.3%	8.7%	7.1%	5.9%	5.3%	4.6%
<b><u>Wage and Salary Employment</u></b> <sup>(2)</sup>						
Agriculture	8,600	8,900	9,200	9,400	9,700	9,200
Mining and Logging	400	400	400	400	400	500
Construction	38,400	43,300	45,500	50,200	54,900	58,600
Manufacturing	33,900	34,100	35,400	36,400	36,200	35,500
Wholesale Trade	25,200	25,000	24,500	24,700	25,700	26,600
Retail Trade	91,800	93,800	95,300	98,000	100,400	101,800
Transportation, Warehousing and Utilities	22,000	22,900	23,600	24,600	26,000	26,000
Information	15,600	14,800	13,900	14,100	13,800	12,500
Finance and Insurance	35,700	36,300	35,500	37,000	37,200	37,100
Real Estate and Rental and Leasing	12,500	13,100	13,400	13,800	14,500	15,100
Professional and Business Services	125,600	130,700	134,300	140,100	145,600	152,200
Educational and Health Services	84,500	88,700	91,800	95,400	99,800	103,400
Leisure and Hospitality	28,600	29,000	30,200	30,900	31,700	32,300
Other Services	13,700	13,500	13,600	13,700	14,000	14,200
Federal Government	108,200	109,900	113,400	115,300	116,600	118,600
State Government	99,600	99,200	100,800	102,900	104,000	103,900
Local Government	855,300	878,200	898,800	927,200	958,700	977,700
Total, All Industries <sup>(3)</sup>	1,047,900	1,046,500	1,047,200	1,055,900	1,070,900	1,080,900

(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 2012 through 2017. Annual figures are not yet available for calendar year 2018.

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

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Permit Valuation						
New Single-family	\$51,963.9	\$116,123.0	\$155,902.6	\$237,724.2	\$315,047.3	\$307,621.0
New Multi-family	33,132.7	4,913.4	5,605.8	0.0	0.0	650.0
Res. Alterations/Additions	<u>49,227.5</u>	<u>51,096.6</u>	<u>44,067.1</u>	<u>35,275.2</u>	<u>35,732.9</u>	<u>35,706.8</u>
Total Residential	134,324.1	172,133.0	\$205,575.5	\$272,999.4	\$350,780.2	343,977.8
New Commercial	869.6	63,119.4	\$5,188.8	\$39,880.2	\$17,550.6	\$15,295.6
New Industrial	0.0	340.0	244.3	0.0	167.6	0.0
New Other	0.0	14,386.6	27,389.2	28,128.8	49,335.5	40,288.3
Com. Alterations/Additions	<u>818.4</u>	<u>19,524.6</u>	<u>22,756.5</u>	<u>17,758.5</u>	<u>24,003.1</u>	<u>22,931.0</u>
Total Nonresidential	\$1,688.0	\$97,370.6	\$55,578.8	\$85,767.5	\$91,056.8	\$78,514.9
New Dwelling Units						
Single Family	123	293	396	574	799	814
Multiple Family	<u>115</u>	<u>46</u>	<u>32</u>	<u>0</u>	<u>0</u>	<u>6</u>
TOTAL	238	339	428	574	799	820

*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 D**  
**FORM OF OPINION OF BOND COUNSEL**

\_\_\_\_\_, 2019

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

OPINION:     \$\_\_\_\_\_ County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills) Special Tax Bonds Series 2019 \_\_\_\_\_

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. 2018-1 (Bass Lake Hills) Special Tax Bonds Series 2019 (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 \_\_\_\_\_, 2019 (the "Resolution of Issuance") and a Fiscal Agent Agreement, dated as of \_\_\_\_\_ 1, 2019 by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (collectively, 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. The opinions set forth in the preceding sentence are subject to the condition that the County comply 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 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. The interest on the Bonds is exempt from personal income taxation imposed by the State of California. We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

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

### FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

§ \_\_\_\_\_  
County of El Dorado  
COMMUNITIES FACILITIES DISTRICT NO. 2018-1  
(Bass Lake Hills)  
SPECIAL TAX BONDS SERIES 2019

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 \_\_\_\_\_, 2019, (the "Fiscal Agent Agreement"), by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The County hereby covenants and agrees as follows:

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

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

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

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

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

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

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

"*Official Statement*" means the final official statement dated \_\_\_\_\_, 2019, executed by the County in connection with the issuance of the Bonds.

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

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

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 30, \_\_\_\_\_, with the report for the 20\_\_ - \_\_ fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the County) has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The County shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the County hereunder.

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

(c) The Dissemination Agent shall:

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

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

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

(a) The following additional items, indicating information as of the previous September 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 fiscal year.

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

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

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

(6) Identity of any delinquent taxpayer representing more than 5% of levy amount of delinquent taxpayer's share of current fiscal year Special Tax levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available).

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

(1) Significant amendments to land use entitlements.

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

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

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

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

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

THE COUNTY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE COUNTY (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR THE DISTRICT AND SECURING THE BONDS) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE COUNTY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE COUNTY

TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE COUNTY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

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

Section 5. Reporting of Listed Events.

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

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

(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 subsection (a)(8) above

need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of

liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the County, the Fiscal Agent, the Bond owners or any other party. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

Date: \_\_\_\_\_, 2019

COUNTY OF EL DORADO for and on  
behalf of the COUNTY OF EL DORADO  
COMMUNITY FACILITIES DISTRICT NO.  
2018-1 (BASS LAKE HILLS)

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

AGREED AND ACCEPTED:  
NBS Government Finance Group,  
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. 2018-1  
(Bass Lake Hills) Special Tax Bonds, Series 2019

Date of Issuance: \_\_\_\_\_, 2019

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 \_\_\_\_\_, 2019 executed by the County and countersigned by \_\_\_\_\_, as dissemination agent. The County anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

DISSEMINATION AGENT:

\_\_\_\_\_



\$ \_\_\_\_\_  
**County of El Dorado**  
**COMMUNITIES FACILITIES DISTRICT NO. 2018-1**  
**(Bass Lake Hills)**  
**SPECIAL TAX BONDS SERIES 2019**

**CONTINUING DISCLOSURE CERTIFICATE**  
**(Developer)**

This Continuing Disclosure Certificate (Developer) (the "Disclosure Certificate") dated as of \_\_\_\_\_, 2019, is executed and delivered by Lennar Homes of California, Inc. (the "Developer") in connection with the execution and delivery of the County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills) Special Tax Bonds Series 2019 (the "Bonds"). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement dated as of \_\_\_\_\_ 1, 2019 (the "Fiscal Agent Agreement"), by and between the County of El Dorado and The Bank of New York Mellon Trust Company, N.A. (the "Fiscal Agent").

The Developer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Developer for the benefit of the holders and beneficial owners of the Bonds.

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:

"Affiliate" of another Person means (a) a Person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other Person, (b) any Person, 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person, and (c) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For purposes hereof, control means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person.

"Assumption Agreement" means an undertaking of a Major Owner, or an Affiliate thereof, for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner's development and financing plans with respect to the District), whereby such Major Owner or Affiliate agrees to provide periodic reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in the District owned by such Major Owner and its Affiliates and, at the option of the Developer or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

"County" means the County of El Dorado, California.

"Dissemination Agent" means the Dissemination Agent designated in writing by the Developer, and which has filed with the Developer, the County and the Fiscal Agent a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate. The Developer is serving as the initial Dissemination Agent.

"District" means County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills).

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

"Major Owner" means, as of any Report Date, an owner of land in the District that is responsible in the aggregate for 20% or more of the Special Taxes in the District anticipated to be levied at any time during the then-current fiscal year.

"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, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Official Statement" means the final official statement executed by the County in connection with the issuance of the Bonds.

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

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

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Property" means the property owned by the Developer in the District.

"Report Date" means April 1 and October 1 of any fiscal year.

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

"Special Taxes" means the special taxes of the District levied on taxable property within the District.

### Section 3. Provision of Periodic Reports.

(a) The Developer shall, or, upon written direction of the Developer the Dissemination Agent shall, not later than the Report Date, commencing October 1, 2019, file or cause to be filed with the MSRB a Periodic Report which is consistent with the requirements of

Section 4 of this Disclosure Certificate with a copy to the Fiscal Agent (if different from the Dissemination Agent), the Participating Underwriter and the County. Not later than 15 calendar days prior to the Report Date, the Developer shall provide the Periodic Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Developer), the Fiscal Agent (if different from the Dissemination Agent), the Participating Underwriter and the County to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Fiscal Agent, the Participating Underwriter and the County may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Developer that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Developer to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Developer does not provide, or cause the Dissemination Agent to provide, a Periodic Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination Agent shall send a notice to the MSRB in substantially the form attached hereto as Exhibit A, with a copy to the Fiscal Agent (if other than the Dissemination Agent), the County and the Participating Underwriter.

(c) With respect to the Periodic Report, the Dissemination Agent shall, to the extent the Periodic Report has been furnished to it, file the Periodic Report with the MSRB and file a report with the Developer (if the Dissemination Agent is other than the Developer), the County and the Participating Underwriter certifying that the Periodic Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to and filed with the MSRB.

Section 4. Content of Periodic Reports. The Developer's Periodic Report shall contain or incorporate by reference the information set forth in Exhibit B relating to the Developer, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Developer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit B, the Developer's Periodic Report shall include 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.

Section 5. Reporting of Significant Events.

(a) The Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Developer that is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date;

(iii) filing of a lawsuit of which the Developer is aware against the Developer or an Affiliate seeking damages, which is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Developer on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, with a copy to the Fiscal Agent, the County and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All the Developer's obligations hereunder shall commence on the date hereof and terminate (except as provided in Section 11) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or

(ii) at such time as property owned by the Developer is no longer responsible for payment of 20% or more of the Special Taxes, or

(iii) the date on which the Developer prepays in full all of the Special Taxes attributable to the Property.

The Developer shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property owned by the Developer, or any Affiliate of the Developer, is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of the Developer hereunder with respect to the property in the District owned by such Major Owner and its Affiliates may be assumed by such Major Owner or by an Affiliate thereof, and if so assumed the Developer's obligations hereunder with respect to such portion of the Property will be terminated. In order to effect such an assumption, such Major Owner or Affiliate shall enter into an agreement to assume the undertakings set forth in this Disclosure

Certificate. If not so assumed, the Developer shall report the information, as applicable to the transferee, required herein so long as the transferee is a Major Owner.

Section 7. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist the Developer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Developer. The Dissemination Agent may resign by providing thirty days' written notice to the County, the Developer and the Fiscal Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer 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 Periodic Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Developer chooses to include any information in any Periodic Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, the Fiscal Agent shall (upon written direction and only to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys), and the Participating Underwriter and 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 Developer 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 and exclusive



Bonds, and shall create no rights in any other person or entity. All obligations of the Developer hereunder shall be assumed by any legal successor to the obligations of the Developer as a result of a sale, merger, consolidation or other reorganization.

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

IN WITNESS WHEREOF, the Developer has executed this Disclosure Certificate as of the date first above written.

Lennar Homes of California, Inc., a  
California corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE PERIODIC REPORT**

Name of Issuer: County of El Dorado

Name of Bond Issue: County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills) Special Tax Bonds, Series 2019

Date of Issuance: \_\_\_\_\_, 2019

NOTICE IS HEREBY GIVEN that \_\_\_\_\_ (the "Major Owner") has not provided a Periodic Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate (Developer) dated as of the date of issuance of such Bonds. The Developer anticipates that the Periodic Report will be filed by \_\_\_\_\_.

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

\_\_\_\_\_  
Dissemination Agent

By: \_\_\_\_\_

Its: \_\_\_\_\_

cc: Developer

**EXHIBIT B**

**PERIODIC REPORT**

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (Developer) (the "Disclosure Certificate") dated \_\_\_\_\_, 2019 executed by the undersigned (the "Developer") in connection with the issuance of the above-captioned bonds by the County of El Dorado (the "County") with respect to its County of El Dorado Community Facilities District No. 2018-1 (Bass Lake Hills) (the "District").

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

**I. Property Ownership and Development**

The information in this section is provided as of \_\_\_\_\_ (this date must be not more than 60 days before the date of this Periodic Report).

**A. Property currently owned by the Developer in the District (the "Property"):**

Development name: \_\_\_\_\_

Number of lots (acreage): \_\_\_\_\_

**B. Status of land development or construction activities in Units 2 and 3:**

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**C. Status of building permits and any significant amendments to land use or development entitlements:**

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**D. Any updates to information regarding the Property in Table 2 or Table 3 contained in the Official Statement, and any other changes in ownership, whether acquisition of land in the District by the Developer or sales of land in the District to other property owners:**

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**II. Legal and Financial Status of Developer**

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any change in the legal structure of the Developer or the financial condition and financing plan of the Developer that would materially and adversely interfere with its ability to complete its development plan described in the Official Statement.

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III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan described in the Official Statement.

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IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any other significant changes in the information relating to the Developer or the Property contained in the Official Statement under the headings "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" that would materially and adversely interfere with the Developer's ability to develop and sell the Property as described in the Official Statement.

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V. Other Material Information

In addition to any of the information expressly required above, 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.

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Certification

The undersigned Developer hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Developer under the Disclosure Certificate.

ANY STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. THE DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE DEVELOPER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

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

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## APPENDIX F

### THE BOOK ENTRY SYSTEM

#### Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC 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 securities that its participants (the "**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "**Direct Participants**" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**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, but Beneficial Owners are 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 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the bonds 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. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to an 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, mandatory redemption and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. 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, the Fiscal Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

The County cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The County is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds 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.

### **Discontinuance of Book-Entry System**

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law or the County may terminate participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the County will execute, and the Fiscal Agent will authenticate and make available for delivery, replacement Bonds in the form of registered bonds. In addition, the principal of and redemption premium, if any, on the Bonds will be payable as set forth in the Fiscal Agent Agreement and summarized above under the caption "Description of the Bonds." Bonds will be transferable and exchangeable on the terms and conditions provided in the Fiscal Agent Agreement. See "Transfer or Exchange of Bonds" above.

**APPENDIX G**

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