



**County of El Dorado**  
**OFFICE OF AUDITOR-CONTROLLER**

360 FAIR LANE  
PLACERVILLE, CALIFORNIA 95667-4193  
Phone: (530) 621-5487 Fax: (530) 295-2535

**JOE HARN, CPA**  
Auditor-Controller

**BOB TOSCANO**  
Assistant Auditor-Controller

June 24, 2016

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

RE: DRAFT Preliminary Offering Statement – CFD No. 2014-1 (Carson Creek)

Dear Board Members:

This letter is to advise your board that, although the Assessment and Community Facilities District Screening Committee (“Committee”) recommends that you adopt the Resolution Reaffirming the Issuance and Sale of Special Tax Bonds and Approving and Authorizing An Official Statement, Bond Purchase Agreement and Related Documents and Actions for Community Facilities District No. 2014-1 (Carson Creek), which is before you today, there are still a number of clerical errors and omissions in said documents that require correction.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Harn", is written over a faint, larger version of the same signature.

Joe Harn  
Auditor-Controller

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2016****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, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.*

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

**COUNTY OF EL DORADO  
COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CARSON CREEK)  
SPECIAL TAX BONDS SERIES 2016**

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

The bonds captioned above (the "Bonds"), are being issued by the County of El Dorado (the "County") by and through its Community Facilities District No. 2014-1 (Carson Creek) (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 July 1, 2016 (the "Fiscal Agent Agreement") by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The Bonds are being issued to (i) construct and acquire certain public facilities of benefit to the District, (ii) provide for the establishment of a reserve fund, (iii) provide capitalized interest to and including September 1, 2016, and (iv) pay initial administration expenses and the costs of issuance of the Bonds. Interest on the Bonds is payable September 1, 2016, and thereafter semiannually on September 1 and March 1 of each year.

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX G – THE BOOK-ENTRY SYSTEM."

The 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, 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.** To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent Special Taxes, the County will establish a Reserve Fund from proceeds of the Bonds, as described herein. See "SECURITY FOR THE BONDS."

Property in the District subject to the Special Tax comprises approximately 264 gross acres. Land in the District is planned for 1,059 age-restricted single family residential lots and 4 acres of multi-family use. Construction of homes and sales has commenced by Lennar Homes of California, Inc., which anticipates developing all of the single family homes in the District. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

**The 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 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 factors that*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of

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

### MATURITY SCHEDULE

Maturity Date (September 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP† ( )
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\$ \_\_\_\_\_ % Term Bond Due September 1, \_\_\_\_ Price: \_\_\_\_\_% CUSIP: \_\_\_\_\_  
\$ \_\_\_\_\_ % Term Bond Due September 1, \_\_\_\_ Price: \_\_\_\_\_% CUSIP: \_\_\_\_\_

† Copyright 2016, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the County nor the Underwriter assumes any responsibility for the accuracy of the CUSIP data.

*The 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 Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2016 in New York, New York.*

[Stifel logo]

The date of this Official Statement is \_\_\_\_\_, 2016

\* Preliminary, subject to change.

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# COUNTY OF EL DORADO, CALIFORNIA

## **Board of Supervisors**

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

## **County Officials**

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

## **County Staff**

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

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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*

### **District Administrator**

NBS Government Finance Group  
*Temecula, California*

### **Appraiser**

Bender Rosenthal, Inc.  
*Sacramento, 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 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the County, in any press release and in any oral statement made with the approval of an authorized officer of the County, 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 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 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 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.

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## OFFICIAL STATEMENT

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**COUNTY OF EL DORADO  
COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CARSON CREEK)  
SPECIAL TAX BONDS SERIES 2016**

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. 2014-1 (Carson Creek) (the "**District**") of the bonds captioned above (the "**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 Bonds to potential investors is made only by means of the entire Official Statement.*

**Creation of the District.** On January 27, 2015, the Board of Supervisors adopted Resolution No. \_\_\_\_\_ (the "**Resolution of Formation**"), which formed the District and followed a Resolution of Intention adopted December 16, 2014. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$50,000,000 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 solely of Lennar Homes of California, Inc. a California Corporation (the "**Developer**"), the only eligible landowner/voter in the District. The landowner 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds" below.

\* Preliminary, subject to change.



The 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 July 1, 2016 (the "**Fiscal Agent Agreement**") 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. 044-2015 (the "**Resolution**") adopted on April 7, 2015 by the Board of Supervisors of the County (the "**Board of Supervisors**") which authorized the issuance of the Bonds payable from Special Taxes (as defined herein) levied on property within the District according to a methodology approved by the County. The Bonds represent the first series of a total of \$50,000,000 of bonds authorized by the District and the issuance of additional bonds in the future are contemplated.

**Bond Terms.** The 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 Bonds is payable on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing September 1, 2016. The Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

**Registration of Ownership of Bonds.** The 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 Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the Bonds. Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX F – THE BOOK-ENTRY SYSTEM."

**Use of Proceeds.** Proceeds of the Bonds will primarily be used to finance the costs of constructing and installing public facilities authorized to be financed by the Special Taxes (the "**Facilities**," as described herein). The Facilities consist generally of roadway and transportation improvements, intersection and signal improvements, sanitary sewer systems, drainage systems, potable water systems, landscaping improvements, development impact fees, and other infrastructure improvements necessary for development of property within the District, as well as park and open space improvements (which include environmental mitigation costs). Portions of the Facilities comprising backbone infrastructure are complete or nearly complete, including Carson Crossing Drive, utility infrastructure and grading, as well as a sewer lift station. Homebuilding commenced in 2015; models are open and sales are underway. The cost of a portion of the Facilities will be reimbursed by the proceeds of the Bonds and by additional bonds expected to be issued in the future, as described below, and the Developer is required to fund any remaining shortfall. See "THE FACILITIES." Proceeds of the Bonds will also be used to establish a reserve fund (described below) available for payment on the Bonds, to provide capitalized interest to and including September 1, 2016, to provide initial administration costs and to pay cost of the issuance of the Bonds.

**Source of Payment of the Bonds.** The Board of Supervisors annually levies special taxes on the property in the District (the "**Special Taxes**") in accordance with the Rate and Method of Apportionment for County of El Dorado Community Facilities District No. 2014-1 (Carson Creek) (as amended, the "**Rate and Method**"), which is attached as APPENDIX B to this Official Statement. The Bonds are secured by and payable from a first pledge of "**Special Tax Revenues**." Special Tax Revenues are proceeds of the Special Taxes received by the County,

including any scheduled payments thereof, interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said interest (but not including any interest in excess of the interest due on the Bonds and the Bonds or any penalties collected in connection with any such foreclosure). Special Taxes are the special taxes levied by the County within the District pursuant to the Rate and Method under the Act, the Ordinance 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 (as defined herein), and the Fiscal Agent Agreements, so long as any Bonds are outstanding, the County will annually levy the Special Tax against all land within the District taxable under the Act and the Rate and Method in accordance with the proceedings for the authorization and issuance of the Bonds and to make provision for the collection of the Special Tax in amounts which will be sufficient to pay interest on, principal of and redemption premium (if any) on the Bonds as such becomes due and payable and to replenish the Reserve Funds (as defined herein) as necessary. See "SECURITY 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 \$50 million; the Bonds are the first series of bonds being issued by the District and additional bonds are expected to be issued in the future. So long as the Bonds are outstanding, any future bonds issued for the District and secured on parity with the Bonds (herein, "**Additional 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.** In the Fiscal Agent Agreement, the County directs the Fiscal Agent to establish a Reserve Fund (the "**Reserve Fund**") from Bond proceeds 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund." 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.

**Covenant to Foreclose.** The County has covenanted in the Fiscal Agent Agreements to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY 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 located along the southern line of White Rock Road, just east of and adjacent to the El Dorado County/Sacramento County border, within the County's Carson Creek Specific Plan ("**CCSP**") area. The land in the District is also known locally as "Carson Creek." Property in the District subject to the Special Tax comprises approximately 264 gross acres planned for 1,059 age-restricted single family residential lots and 4 acres of multifamily use expected to be developed as an assisted living facility.

Construction of site improvements for the first phase of development has begun and is nearly complete, including the backbone roadway (Carson Crossing Drive), utility infrastructure and grading, and a sewer lift station. Construction of homes commenced in 2015 by Lennar Homes of California, Inc., which anticipates developing all of the homes in the District over the next 8 years. Non-taxable land uses within the District will incorporate various parks and open space areas, and to a lesser extent, commercial uses.

**Appraised Value of Property.** Property in the District classified as Taxable Property (as defined in the Rate and Method) is security for the Special Tax. At the County's request, Bender Rosenthal (the "Appraiser") prepared an appraisal report (the "Appraisal") for the taxable real property within the District, which sets forth a total hypothetical bulk value of not less than \$108,070,000, as of April 1, 2016 (the "Appraised Value"). 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. The Facilities to be paid for with proceeds of the Bonds are not complete. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT" and Appendix B. The appraised bulk sale valuation of property in the District is approximately 10.3\* times the \$10,000,000\* aggregate principal amount of the Bonds. See "APPRAISAL OF PROPERTY WITHIN 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 Bonds.

**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 Bonds. The 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 Reserve Fund (both described herein) established under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the County. The 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 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 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 Finance Director 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

\* Preliminary; subject to change.

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.*

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## THE BONDS

### Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreement, approved by Resolution No. 044-2015 adopted by the Board of Supervisors on April 7, 2015, and the Act.

On January 27, 2015, the Board of Supervisors adopted Resolution No. (the "**Resolution of Formation**"), which formed the District and followed a Resolution of Intention adopted December 16, 2014. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$50,000,000 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 a point during the 90-day period preceding the adoption of the Resolution of Formation, the qualified electors entitled to vote in the special election consisted solely of the Developer, the only eligible landowner/voter in the District. The landowner 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds" below.

### Description of the Bonds

**Bond Terms.** The 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 Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing September 1, 2016. The principal of the Bonds and premiums due upon the redemption thereof, if any, 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 Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

**Book-Entry Only System.** The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to ultimate purchasers under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G – THE BOOK ENTRY SYSTEM." below.

**Calculation and Payment of Interest.** Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent

mailed on each Interest Payment 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 Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See "APPENDIX G – BOOK ENTRY SYSTEM" below.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Dated Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G – THE BOOK ENTRY SYSTEM" below.

**Redemption\***

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

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

\* Preliminary; subject to change.

**Mandatory Redemption From Prepayments.** The 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 by lot within a maturity, on September 1, 2016 or on any Interest Payment Date thereafter, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

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

**Term Bonds of \_\_\_\_\_**

Mandatory Redemption Date (September 1)	Sinking Fund Payment

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 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 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 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 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 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 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 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 shall have 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 Bonds of any maturity or any given portion thereof, the Fiscal Agent will select the Bonds to be redeemed, from all 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 Bonds are to be redeemed as a result of the prepayment of Special Taxes, Bonds shall be selected for redemption on a pro-rata basis among maturities. Upon surrender of 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 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 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 Bonds**

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "Appendix F – 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 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 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after 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 Bonds follows:

Estimated Sources of Funds:  
Principal Amount of Bonds  
Less [Plus] Original Issue  
Discount [Premium]  
Total

Estimated Uses of Funds:  
Deposit to Acquisition and  
Construction Fund  
Deposit to Reserve Fund  
[Deposit to Bond Fund] <sup>(1)</sup>  
Costs of Issuance <sup>(3)</sup>  
Total

- 
- (1) Represents an amount scheduled to provide for interest to and including September 1, 2016.  
(2) Represents prepayment of annual County administration costs to be incurred prior to the time it is payable from collection of Special Taxes.  
(3) Includes fees of bond and disclosure counsel, initial fees, expenses and charges of the Fiscal Agent, costs of printing the Official Statement, administrative fees of the County, special tax consultant, appraiser, Underwriter's discount, financial advisory fees, and other costs of issuance.

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## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

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

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

The Bonds are further secured by a first pledge of all moneys deposited in the Bond Fund and the Reserve Fund, both of which are established for the Bonds under the Fiscal Agent Agreement. Furthermore, on a semi-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 Bonds are not in any way pledged to pay the debt service on the Bonds. Any proceeds of condemnation, destruction or other disposition of any such facilities are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

### Special Taxes

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

**Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay the Bonds. 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 for the County by the District in the same manner and at the same time as ad valorem property taxes.

## Special Tax Methodology

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

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

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 parcels are divided into 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 or Undeveloped Property, and shall be subject to allocation of Special Taxes in accordance with the Rate and Method. Special Taxes are then assigned by "Development Phase" which is an area designation as shown in an attachment to the Rate and Method describing the Planned Residential Lots (as defined in the Rate and Method) and shown on the map which is a part of 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 at 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 at 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 Undeveloped Property at 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. The pay-as-you-go funding component is expected to provide for funding of the cost of a portion of the Facilities in excess of the amount provided from bond proceeds through annual Special Tax levies on Developed Property at the maximum rate, which is scheduled to be in excess of the amount needed to pay the debt service because the tax on Developed Property is expected to be levied at the maximum rate for at least the initial 10 years after issuance. See " – Levy of Annual Special Tax: Maximum Special Tax."

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 2014-15 annual Maximum Special Tax as prescribed by the Rate and Method is increased annually at a rate of 2% per year.

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**TABLE 1**  
**COUNTY OF EL DORADO**  
**Community Facilities District No. 2014-1 (Carson Creek)**  
**Special Tax Bonds Series 2016**  
**Fiscal Year 2016-17 Maximum Special Tax Rates and Anticipated Levy<sup>(1)</sup>**

<b>Development Phase</b>	<b>Property Width</b>	<b>Planned Residential Lots</b>	<b>2016/17 Maximum Special Tax Rates</b>	<b>2016/17 Maximum Special Tax Revenue at Buildout</b>	<b>Estimated 2016/17 Special Tax Levy</b>
<b>Unit 1</b>					
IA	40.00 to 49.99	54	\$1,769	\$95,509	\$95,509
	50.00 to 59.99	54	1,977	106,745	106,745
	60.00 or Greater	26	2,185	56,806	56,806
IB	60.00 or Greater	47	2,185	102,687	102,687
	IC	50.00 to 59.99	18	1,977	35,582
		60.00 or Greater	2	2,185	4,370
ID	40.00 to 49.99	49	1,769	86,665	86,665
	50.00 to 59.99	21	1,977	41,512	41,512
	60.00 or Greater	14	2,185	30,588	30,588
<i>Subtotal</i>		285		560,463	560,463
<b>Unit 2 <sup>(2)</sup></b>					
2A	40.00 to 49.99	94	1,769	166,256	--
	50.00 to 59.99	59	1,977	116,629	--
	60.00 or Greater	18	2,185	39,327	--
2B	40.00 to 49.99	56	1,769	99,046	--
	50.00 to 59.99	52	1,977	102,792	--
	60.00 or Greater	32	2,185	69,915	--
Phase 3	40.00 to 49.99	222	1,769	392,647	--
	50.00 to 59.99	53	1,977	104,768	--
	60.00 or Greater	48	2,185	104,872	--
<i>Subtotal</i>		634		1,196,252	--
<b>Unit 3</b>		<b>Acres</b>			
Lot 4		19,387	10,924	211,787	--
Lot 7		4.072	10,924	44,483	44,483
<i>Subtotal</i>		23.459		256,271	44,483
<b>Total</b>				<b>\$2,012,986</b>	<b>\$604,947</b>

(1) Based on development status and development plans as of May 2016

(2) Estimated based on the planned residential lot information provided by the Developer.

Source: NBS and the Developer

**TABLE 2**  
**COUNTY OF EL DORADO**  
**Community Facilities District No. 2014-1 (Carson Creek)**  
**Special Tax Bonds Series 2016**  
**Maximum Special Tax Revenue by Development Status<sup>(1)</sup>**

<u>Parcels</u>	<u>Planned Lots</u>	<u>2016/17 Maximum Special Tax at Buildout</u>	<u>Estimated 2016/17 Special Tax Levy</u>	<u>% of Expected Levy</u>	<u>Appraised Value<sup>(7)</sup></u>	<u>Allocated Bond Debt</u>	<u>Value-to- Lien Ratio</u>	
<b>Developed Property<sup>(2)</sup></b>								
Unit 1A	44	44	\$83,648	\$83,648	13.8%	\$9,740,773	\$1,382,736	7.0:1
Unit 1B	23	23	50,251	50,251	8.3	5,091,768	830,673	6.1:1
Subtotal	67	67	\$133,899	\$133,899	22.1%	\$14,832,541	\$2,213,409	6.7:1
<b>Final Map Property<sup>(3)</sup></b>								
Unit 1A	90	90	\$175,411	\$175,411	29.0%	\$19,924,309	\$2,899,618	6.9:1
Unit 1B	24	24	52,436	52,436	8.7	5,313,149	866,790	6.1:1
Unit 1C	20	20	39,951	39,951	6.6	3,948,077	660,411	6.0:1
Unit 1D	84	84	158,765	158,765	26.2	16,581,923	2,624,446	6.3:1
Unit 3, Lot 7	1	N/A	44,483	44,483	7.4	1,172,447	735,326	1.6:1
Subtotal	219	218	\$471,047	\$471,047	77.9%	\$46,939,906	\$7,786,591	6.0:1
<b>Undeveloped Property<sup>(4)</sup></b>								
Unit 2A, 2B & Phase 3 <sup>(5)</sup>	1	634	\$1,196,252	--	--	\$40,715,472	--	N/A
Unit 3, Lot 4 <sup>(6)</sup>	1	140	211,787	--	--	5,582,081	--	N/A
Subtotal	2	774	\$1,408,039	--	--	\$46,297,553	--	N/A
<b>Total</b>	<b>288</b>	<b>1,059</b>	<b>\$2,012,986</b>	<b>\$604,947</b>	<b>100.0%</b>	<b>\$108,070,000</b>	<b>\$10,000,000</b>	<b>10.8:1</b>

- (1) Data in this table was calculated as of March 11, 2016 and reflects all building permits issued and final maps recorded through that date.  
(2) Defined in the District RMA as all property for which a building permit was issued on or before April 30 of the prior Fiscal Year.  
(3) Defined in the CFD RMA as all property for which a final map was recorded on or before April 30 of the prior Fiscal Year.  
(4) Defined in the CFD RMA as all taxable property that is not classified as developed or final map property.  
(5) Unit 2 is currently comprised of two Assessor's Parcels and is not separated by phase.  
(6) Lot 4 is currently comprised of one Assessor's Parcel and is not separated by phase.  
(7) Per the Appraisal, date of value April 1, 2016. Values assigned in the Appraisal were allocated to parcels on a per lot basis for Unit 1, 1A & 1B and a per acre basis for 1C & 1D.

Source: NBS and the Developer

**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 "THE DISTRICT - Direct and Overlapping Governmental Obligations"). The actual amount of these taxes, which may be levied

or assessed in the future, will vary depending upon a number of factors, including the assessed value of the property within the District at such time, the actual amount of the Special Tax that is levied annually in the future and the existence of additional taxes and assessments levied in the future.

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

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

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

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



## **Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure**

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

The Act provides the additional remedy of judicial foreclosure for delinquencies in the payment of a special tax for so long as debt secured by the special tax is outstanding. Pursuant to the Act, the Board may order the institution of a superior court action to foreclose the lien securing a delinquent Special Tax within four years after the due date of the last installment of the principal thereof. A judgment in such an action will include the amount of the delinquency for each parcel to be foreclosed, reasonable attorneys' fees, interest, penalties, and other authorized charges and costs and will order the parcel to be sold on execution as in other cases of the sale of real property by process of the court. Such judicial foreclosure action is not mandatory. However, the Board has covenanted for the benefit of the owners of the Bonds that the County Auditor-Controller will review the County's records in connection with the collection of the Special Tax not later than October 1 of each year to determine the amount of the Special Tax collected in the prior fiscal year. The County will annually on or before October 1 of each year review the public records of the County relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and (a) 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 one thousand dollars (\$1,000) 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 (b) 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 have first been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the County of the proceeds of sale. However, within the limits of the Special Tax, the Board may adjust the Special Tax levied on all property within the District, subject to the 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 Requirements, 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.”

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

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

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

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

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

**Limitations on Increases in Special Tax Levy.** If owners are delinquent in the payment of Special Taxes, the County may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified for each category of property within the District. See “SECURITY FOR THE BONDS – Special Tax Methodology.” In addition, 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 separate Reserve Fund, to be held by the Fiscal Agent, will be established for the Bonds pursuant to the Fiscal Agent Agreement. The amount on deposit in the Reserve Fund will be established in the amount of the “**Reserve Requirement**” for the Bonds, which is the least of 10% of the initial offering price to the public of the Bonds, 100% of maximum annual debt service on the Lien Bonds, or 125% of average annual debt service as of the date of issuance of the Bonds.

If, at any time, the Reserve Fund is funded in whole or in part with cash, the County has the right at any time to cause the Fiscal Agent to release funds from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (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 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 Bond Fund of the amount then required for payment of the principal of, and interest on, the respective Series of Bonds. Whenever transfer is made from a Reserve Fund to the respective 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 respective Reserve Fund to the respective 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 and other moneys in the Reserve Fund will remain therein until the balance exceeds the Reserve Requirement.

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

### **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, taking into account amounts then on deposit in the Reserve Fund, 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 Community Facilities Fund and free of the pledge for payment of the Bonds.

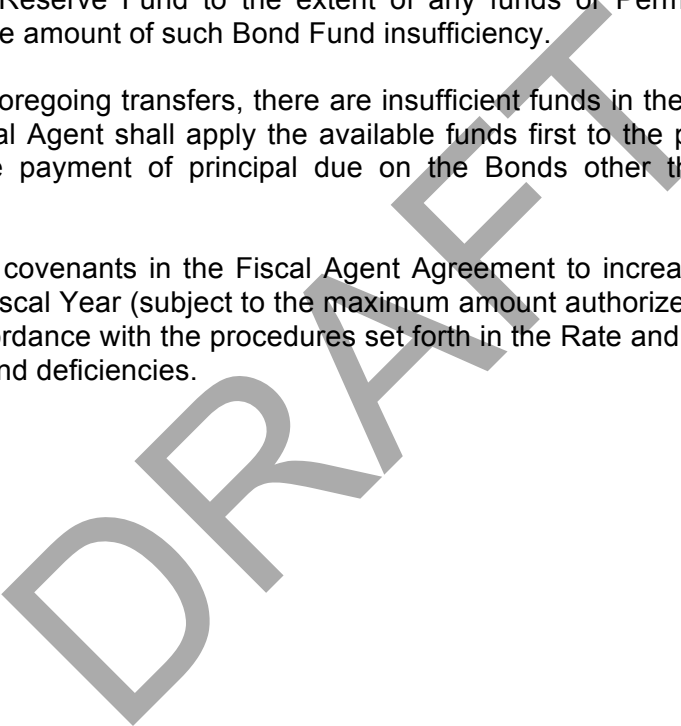
**Bond Fund**

Moneys in the Bond Fund established pursuant to the Fiscal Agent Agreement will be held by the Fiscal Agent for the benefit of the County and 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.



## Community Facilities Fund

Pursuant to the Fiscal Agent Agreement, the County establishes a separate fund to be held by the Auditor-Controller, to be known as the "County of El Dorado Community Facilities District No. 2014-1 (Carson Creek) Community Facilities Fund," which fund is held and maintained in trust by the County, and all money remaining in the Special Tax Fund on September 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of the Fiscal Agent Agreement, shall be deposited by the County in the Community Facilities Fund. All money in the Community Facilities Fund shall be used and withdrawn by the County for the payment of costs of the acquisition and construction of the Facilities or otherwise in any manner for the benefit of the 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 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 Bonds and any Additional Bonds issued (together, the "**Outstanding Bonds**"), upon satisfaction of specific conditions, which include conditions that: (i) the Fiscal Agent shall have received a certificate of the County's special tax consultant to the effect that the proceeds that would have been available to the County if the Special Tax had been levied and collected at the annual Maximum Special Tax rates and amounts on all Taxable Property in the District are equal to at least 110% of Debt Service on all Outstanding Bonds in each Bond Year after the issuance of the Additional Bonds; (ii) with respect to the period of time preceding the receipt of proceeds of the Special Tax calculated in accordance with the Rate and Method, the proceeds of the Special Tax anticipated to be available to the County during such period plus other revenue, if any, including but not limited to capitalized interest, legally available for payment of Debt Service on the Outstanding Bonds, identified in the Supplemental Fiscal Agent Agreement authorizing the issuance of the Additional Bonds, and as shown by a Certificate of the County on file with the Fiscal Agent, shall be equal to at least 100% of the Debt Service payable on all Outstanding Bonds during such period; (iii) the fair market value of the Taxable Parcels (including the then-existing private improvements thereon), as determined by assessed valuation as shown on the most recent equalized assessment roll of the El Dorado County Assessor or by an MAI appraisal is an amount equal to at least three times the sum of (a) the aggregate principal amount of all Outstanding Bonds following issuance of the Additional Bonds payable from Special Taxes levied on the Undeveloped Property plus (b) the aggregate principal amount of all special assessment bonds then outstanding and payable from special assessments levied on the Taxable Parcels plus (c) the proportion of the aggregate principal amount of any other special tax bonds issued under the Act and then outstanding which are payable from special taxes to be levied on the Taxable Parcels; and (iv) the fair market value of the Undeveloped Property (as defined in the Rate and Method), 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 (a) the aggregate principal amount of all Outstanding Bonds following issuance of the Additional Bonds plus (b) the aggregate principal amount of all special assessment bonds then outstanding and payable from special assessments levied on the Undeveloped Property plus (c) 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 Undeveloped Property.

In connection with the issuance of Additional Bonds, the Reserve Fund shall be increased (or a separate reserve fund established) at or prior to the time the Additional Bonds to an amount at least equal to the Reserve Requirement on all then Outstanding Bonds (exclusive of the

Additional Bonds) and such Additional Bonds. This provision shall not apply to the issuance of any series of Additional Bonds if following the issuance and delivery of the Additional Bonds, there will be no increase in Debt Service on the Outstanding Bonds, including the Additional Bonds, by reason of issuance of the Additional Bonds, in any Bond Year to and including the Bond Year of the scheduled retirement of the last maturing Outstanding Bonds.

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## DEBT SERVICE SCHEDULE

The annual debt service on the Bonds, based on the interest rates and maturity schedule set forth on the cover of this Official Statement, is set forth below.

**COUNTY OF EL DORADO  
COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CARSON CREEK)  
SPECIAL TAX BONDS SERIES 2016 DEBT SERVICE**

<b>Year Ending (Sept. 1)</b>	<b><u>Principal*</u></b>	<b><u>Interest*</u></b>	<b><u>Total*</u></b>
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\* Preliminary, subject to change.



## THE FACILITIES

### Eligible Facilities

The Bonds will provide a funding source to acquire certain Facilities from the Developer.

The Facilities eligible to be financed by the District are set forth in Exhibit A of the Resolution of Intention of the Board of Supervisors of the County of El Dorado to Form a Community Facilities District and Levy a Special Tax in Community Facilities District No. 2014-1 (Carson Creek) to Finance the Acquisition and Construction of Certain Public Facilities in and for such Community Facilities District (the "Resolution of Intention"), adopted by the Board of Supervisors of the County on December 16, 2014, in connection with the formation of the District.

The Facilities authorized to be financed by the Special Taxes of the District include, but are not limited to: on-site and off-site roadway and transportation facilities, intersection and signal improvements, on-site and off-site sanitary sewer conveyance and collection facilities, storm drainage system improvements on-site and off-site water conveyance and storage facilities, landscaping improvements, park and trail improvements, and certain development impact fees including the El Dorado Hills Road Impact Fees (RIF), El Dorado Hills Community Services District Park Impact Fees, and El Dorado Irrigation District Facility Capacity Charge (Connection Fees).

### Estimated Cost of the Facilities

The primary Facilities expected to be reimbursed from bond proceeds or Special Tax collections include Carson Crossing Drive (from its prior terminus in Euer Ranch to Golden Foothill Parkway), two sewer lift stations, parks and a variety of impact fees. The estimated cost of completing Carson Crossing Drive and the associated infrastructure is \$14,214,000. The estimated costs of completing two sewer lift stations is \$4,000,000 and the park improvements is \$1,800,000. Impact fees account for an additional estimated amount of \$33,715,000. The total estimated cost of the Facilities is \$51,929,000, of which approximately \$\_\_\_\_\_ has been expended by the Developer as of \_\_\_\_\_ 2016. See "THE DISTRICT - Planned Development in the District - Infrastructure Construction."

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. The pay-as-you-go funding component is expected to provide for funding of the cost of a portion of the Facilities in excess of the amount provided from bond proceeds to the extent annual Special Taxes levied on Developed Property at the maximum rate for at least the initial 10 years after issuance, exceeds the amount needed to pay the debt service. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology" and " – Levy of Annual Special Tax; Maximum Special Tax."

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

[reserved for CCSP land use map]

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## THE DISTRICT

### Formation of the District

On December 16, 2014, the Board of Supervisors adopted the 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 January 27, 2015, the Board of Supervisors adopted the Resolution of Formation, which established Community Facilities District No. 2014-1 (Carson Creek), 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 \$50,000,000. On the same day, an election was held within the District in which the only landowner/voter in the District, the Developer, approved the proposed bonded indebtedness and the levy of the Special Tax. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below.

### Carson Creek Specific Plan

The District comprises the second of two phases of the 710-acre Carson Creek Specific Plan ("CCSP") area. The CCSP area lies at the southwest corner of the El Dorado Hills community located west of Latrobe Road and south of White Rock Road. To the northeast is the major commercial center known as Town Center which is built like a traditional downtown with a main street, local and national retailers, cafes, restaurants, bars, a movie theater, hotel, gourmet market, fitness club, day spa, luxury car dealership and professional and medical offices. The first phase of the CCSP, known as Euer Ranch, was developed by K. Hovnanian as an active adult community with 460 age restricted single family homes and a clubhouse. Euer Ranch is adjacent to but not part of this District, and is fully built out.

### Location and Description of the District

The District comprises approximately 264 acres planned for 1,059 age-restricted homes in a gated development, and approximately 4 acres zoned for multifamily use and planned as an assisted living facility. The District is located in the unincorporated community of El Dorado Hills, within a portion of the CCSP area, bordered by the Sacramento-El Dorado County Line to the west, the southern portion of the Euer Ranch project to the northwest, the El Dorado Hills Business Park to the northeast and east, and agricultural lands to the south. The District is approximately 23 miles east of the central business district of Sacramento and about 122 miles northeast of San Francisco. The nearest city is Folsom to the west. The area is south of and served by US Highway 50, a major east-west route of the U.S. Highway system, stretching just over 3,000 miles from West Sacramento, California to Ocean City, Maryland. Lake Tahoe is located 79 miles east of the District along Highway 50. North/south traffic in the immediate area is carried by Latrobe Road which becomes El Dorado Hills Boulevard north of Highway 50. 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.

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

[Reserved for boundary map]

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## Planned Development in the District

*The Developer, Lennar Homes of California, Inc. is a California corporation. The Developer 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. Since the ownership of the parcels is subject to change, the development plans outlined below may not be continued by the subsequent owner if the parcels are sold, although development by any subsequent owner will be subject to the CCSP, the Development Agreement 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.*

The Developer is a homebuilder and intends to develop and sell all of the planned 1,059 homes in the District as a gated, active adult age restricted community. The Developer is developing the project in three phases, referred to as "Unit 1," "Unit 2," and "Unit 3". Construction of backbone infrastructure improvements for the development began in 2014 and has largely been completed for Unit 1, including Carson Crossing Drive (which also serves Unit 2 and Unit 3), the County road serving as immediate access to the development, and in-tract street and utility improvements for this first phase. Final maps have been recorded creating 285 lots in Unit 1. Model homes and a clubhouse and fitness center in Unit 1 were completed in March 2016 and homes sales have begun. As of June \_\_, \_\_ homes in Unit 1 have been completed, \_\_ have been sold and \_\_ are in sales contract. Tentative maps have been filed for Units 2 and 3. Construction of additional infrastructure for Unit 2 and Unit 3 is expected to be completed in increments as market demand warrants.

Upon completion of various components of such infrastructure, the Developer is eligible to be reimbursed for the cost thereof from proceeds of the Bonds as provided in an acquisition agreement entered into with the County, provided such proceeds are available. The Developer and the County are also contemplating utilizing the "pay-as-you-go" funding mechanism during approximately the initial 10 years of the time the Bonds are outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Special Tax Methodology" and "-Levy of Annual Special Tax; Maximum Special Tax."

Project amenities include the completed clubhouse and fitness center, a planned additional clubhouse, private parks, multi-use public trails, and front yard landscape maintenance. The amenities and streets within the gated area are to be owned and maintained by a homeowners association. Homeowner's association assessments are expected to be approximately \$158 - \$191 per month.

"Lot 7" in the District, a 4.0-acre parcel in Unit 3, is under contract for purchase by Westmont Development, LP and is planned for an assisted living facility. Closing is expected to occur in Summer 2016. No assurance can be given that the sale will close.

**Development Agreement.** The real property within the District is subject to the terms and provisions of the Carson Creek Specific Plan Development Agreement adopted by the El Dorado County Board of Supervisors on February 24, 1998.

The Development Agreement has a 20-year term, is assignable, runs with the property, and may be modified only by mutual consent of the County and the Developer and in a manner consistent with the Carson Creek Specific Plan. Land use and development entitlements granted under the Development Agreement for property in the District are consistent with the Carson Creek Specific Plan described above.

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

**Mapping and Entitlements.** Property in the District is zoned and entitled for the contemplated residential development. In February 2008, the El Dorado County Planning Commission approved the first unit ("Phase 2, Unit 1") of the planned development in the District under tentative map application TM04-1391. The Unit 1 tentative map consisted of 24 large lots for financing purposes and division of several of the large lots into 302 single-family residential age-restricted detached lots. The Developer obtained final map approval for 181 residential lots in Unit 1A and 1B and Lot 7 in Unit 3 in August 2015 and another 104 residential lots in Unit 1C and 1D in March 2016. Tentative map approval was received for all 634 residential lots in all phases of Unit 2 and 140 residential lots in Unit 3 in December 2012. Unit 2 of Phase 2 (TM06-1428) was approved on December 13, 2012. The Unit 2 tentative map includes 634 age-restricted residential lots ranging from 4,000 square feet to 16,390 square feet, two large lettered lots for future multifamily residential development, five private recreational lots, 13 landscape lots, one open space lot, two landscape/access lots, one park lot, two private road lots, one utility lot (pump station), and a remainder parcel with a phasing plan. A third and final unit, Unit 3, is planned for 140 homes.

The table below describes the planned residential construction and construction and sales status as of March 1, 2016.

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**Table 3**  
**County of El Dorado Community Facilities District No. 2014-1 (Carson Creek)**  
**Development Plan and Entitlements**  
**As of March 1, 2016**

Phase	Units	Tentative Map	Final Map <sup>(1)</sup>	Estimated Home Construction Begins*	Estimated Last Home Closing*
<b>Unit 1</b>					
IA	134	Approved 2/08, Amended 1/14 and 8/14	Aug-15	Nov-15	Jul-17
IB	47	Approved 2/08, Amended 1/14 and 8/14	Aug-15	Nov-15	Jul-17
IC	20	Approved 2/08, Amended 1/14 and 8/14	March-16	Nov-16	Jul-17
ID	84	Approved 2/08, Amended 1/14 and 8/14	March-16	Dec-16	Feb-18
<b>Subtotal</b>	<b>285</b>				
<b>Unit 2</b>					
2A	171	Approved 12/12, Amended 7/15	Nov-16*	May-17	Aug-19
2B	140	Approved 12/12, Amended 7/15	Feb-17*	Aug-17	Jul-20
Phase 3	323	Approved 12/12, Amended 7/15	Aug-17*	Feb-18	Mar-24
<b>Subtotal</b>	<b>634</b>				
<b>Unit 3</b>					
Lot 4 Ph 1	70	Approved 7/15	Jul-16*	Sep-16	Mar-18
Lot 4 Ph 2	70	Approved 7/15	Jun-17*	Nov-17	May-19
Lot 7 <sup>(2)</sup>	--	<i>Lot created with Unit IA Final Map</i>	Aug-15	Unknown	Unknown
	<b>140</b>				
<b>Total</b>	<b>1,059</b>				

(1) Estimate based on 6 months prior to earliest Estimated Home Construction Start in group.

(2) Unit 3 Lot 7, a 4-acre parcel, is under contract for sale to a buyer who expects to develop an assisted living facility. Closing is expected to occur in the spring of 2016.

\* Preliminary; subject to change.

Source: The Developer.

**Infrastructure Construction.** As of \_\_\_\_\_ 2016, \_\_\_\_\_

**Construction and Sales in Progress and Projected.** Home construction and sales by the Developer in Unit 1 are underway. All of the home sales in the District are to be age restricted for sales to those age 55 and older. The planned development includes a 5,000 sq. ft. clubhouse and fitness center which was completed in March 2016, and will include resort-style amenities such as a pool and spa, tennis and sports courts, community garden, dog park, public parks, multi-use trail system, community clubhouse, 180 acres of open space and other amenities (to be constructed as development progresses). The amenities are not subject to a Special Tax.

Unit 1 includes 285 final mapped single family lots ranging in size from approximately 4,725 to 6,825 square feet. Home construction commenced in November 2015 as the Heritage El Dorado Hills development offering three product lines and 9 model homes opened in April 2016. As of May 1, 2016, 85 homes are under construction, and 76 homes are under contract for sale.

**Marketing Plan and Sales Activity Heritage at El Dorado Hills**

Product	Units	Est. Last Home Closings	Approx. No. of Floor Plans	Approx. Sq. Footage	Approx. Base Price Range	Completed Homes	Homes Under Construction	Homes Under Sales Contract
Mosaic	108	Apr-17	4	1,230-1,784	\$383,990 - 444,990	--	27	
Legends	92	Oct-17	4	1,813-2,405	\$458,990 - 518,990	--	33	
Estates	85	Sep-16	6	2,405-2,993	\$548,990 - 606,990	--	25	
Total	285					--	85	

Source: The Developer

Unit 2 comprises 634 single family lots with tentative map approval, also ranging in size from 4,725 to 6,825 square feet. An approximate 6,000 square foot social clubhouse on approximately 3-acres to serve the entire development is planned within Unit 2, with meeting and activity rooms, a fitness center and pool/spa and a snack bar facility, all not subject to the Special Tax. Additionally, trails/open space corridors, a 3-acre public park and two, 1-acre private parks, not subject to the Special Tax are planned. Construction of homes in Unit 2 is currently projected to begin in 2017. See "THE DISTRICT - Planned Development - Seasonal Wetlands Affecting Unit 2" for additional information.

Unit 3 has final map approval for Lot 7, a 4.0-acre parcel planned for an assisted living facility and tentative map approval for 140 single family lots on Lot 4. Timing of homebuilding is dependent upon market conditions. Lot 7 is under contract for purchase by Westmont Development; closing is expected to occur in \_\_\_\_\_ 2016. No assurance can be given that the sale will close.

The timing of the residential development within the District will be determined by market conditions. The Developer expects that model construction for the planned 634 homes in Unit 2 and 140 homes in Unit 3 will begin as market conditions dictate.



**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 2013 Water Resources and Service Reliability Report dated August 12, 2013, 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, 2013, this infrastructure-constrained, available potable water supply is adequate to serve current and anticipated future demand, including the ability to serve an additional 4,687 Equivalent Dwelling Units (EDUs) in the El Dorado Hills supply area. Existing agreements commit a total of 2,690 EDUs of this available supply to specific uses in El Dorado Hills.

In connection with its purchase of Carson Creek, Lennar obtained an assignment of the 1,250 water and sewer connections previously pre-purchased by AKT Carson Creek Investors, LLC from EID, which assignment and continued availability of such connections was confirmed by EID. These pre-purchased connections cover the planned 1,059 units in Carson Creek and the Developer indicates it does not anticipate any water availability issues.

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

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

**Flood Zone.** The properties in the District are located in Flood Zone 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 and 0950E, dated September 26, 2008.

**Seasonal Wetlands Affecting Unit 2.** On August 31, 1994, the U.S. Army Corps of Engineers (“USACOE”) authorized the placement of 9.14 acres of fill of wetlands (the “Wetlands”) in the District under Nationwide Permit 26, Headwaters and Isolated Waters (“NWP 26”). This allowed for construction of housing and commercial development. The NWP 26 authorization expired on June 5, 2000. The permittee of NWP 26 was Pacific Palisades Development, Inc. and in the following years, the property has been owned or controlled by various entities, until the Developer acquired the property in 2013.

By 1998, all 9.14 acres of Wetlands in the District were filled, partially filled, or otherwise impacted by land development activities, and 8.56 acres of marsh wetlands were established as compensatory mitigation within the District, in compliance with NWP 26. Subsequent monitoring and reporting for these mitigation wetlands were conducted for five years and a final report was submitted to USACOE in 2004, documenting that the mitigation wetlands were functioning in accordance with established performance criteria. However, between May 2002 and May 2014, 3.191 of the 9.14 acres of Wetlands filled in 1998 allegedly reverted back to Wetlands based on a review by the USACOE of satellite imagery from that period.

Upon a site inspection conducted by USACOE in March 2015, the Developer was notified that its construction activities in the District, specifically with respect to Unit 1, were resulting in disturbance to 3.191 acres of Wetlands which were previously filled, partially filled, or otherwise impacted by prior land development activities in 1998. The Developer did not have a new permit prior to conducting such land development in Unit 1.

In May of 2016, the USACOE and the Developer entered into a non-judicial settlement agreement (the “Settlement Agreement”) with respect to both development activities in Unit 1 and proposed development activities in Unit 3. The Settlement Agreement allows USACOE and the Developer to authorize the filling of the re-established wetlands impacting Unit 1 and Unit 3, under a new Nationwide Permit 32 (“NWP 32”), which was issued in May of 2016. No additional compensatory mitigation for Unit 1 or Unit 3 is required under the Settlement Agreement and the Developer indicates that all conditions of the permit have been met or will timely be met to allow development in Unit 1 to proceed without delay.

The Settlement Agreement does not extend to Unit 2, and the USACOE will complete an additional jurisdictional determination based on the reappearance of certain Wetlands. Depending on the results of that determination, the Developer may need to submit a new application for the appropriate permits to continue the planned development in Unit 2, and engage in additional compensatory mitigation.

The par amount of the Bonds has been calculated based on the special tax capacity of Unit 1 and Lot 7 in Unit 3. Therefore, the ultimate impact of the USACOE’s additional investigation in Unit 2 should not affect Special Tax Revenues projected to pay debt service on the Bonds. See "APPENDIX B – THE APPRAISAL" for additional information on each Unit’s appraised value. See also “SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis” for additional explanation as to the risks of delays or changes in the development.

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

Fire:	El Dorado Hills County Water District (El Dorado Hills Fire District)
Police:	El Dorado County Sheriff's Department
Elementary:	Rescue Union School District/Buckeye Union School District
Intermediate:	Rescue Union School District/Buckeye Union School District
High School:	El Dorado Union High School District
Recreation and Parks:	El Dorado Hills Community Services District
Water and Sewer:	El Dorado Irrigation District
Electricity and Gas:	Pacific Gas & Electric
Telephone/Internet:	AT&T/Comcast

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

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

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

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

## 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.*

*The Developer 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.*

All of the land planned for development of the 1,059 homes in the District is owned by Lennar Homes of California, Inc. (the "**Developer**"), who acquired such land in 2013. "Lot 7" in the District, a 4.0-acre parcel, is under contract for purchase by Westmont Development, LP and is planned for an assisted living facility. Closing is expected to occur in \_\_\_\_\_ 2016. No assurance can be given that the sale will close.

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

Lennar Corporation started as a Dade County, Florida homebuilder in 1954 and currently reports that it is one of the largest homebuilders in the United States with operations in Arizona, California, Colorado, Florida, Illinois, Maryland, Minnesota, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia, West Virginia, and Wisconsin. 2015 marked the eighteenth year Lennar Corporation has operated in the Sacramento Area.

Lennar Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such files can also be accessed over the Internet at the SEC's website at [www.sec.gov](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.

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

**Financing Plan.** The Developer acquired the property in 2013 using available cash and the property is not currently encumbered by acquisition or construction financing loans. Development of the residential lots and payment of the Special Taxes will be funded through available cash and/or lines of credit through the end of the development process and the last home sale. See the Carson Creek Sources and Uses Table below.

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### Carson Creek Sources and Uses (Rounded)

	Total Budget	Through April 30, 2016	% Complete Through April 30, 2016	Remainder 2016	2017	2018+
<b>Sources of Funds</b>						
Sales (Closings) of Homes	\$486,676,000	\$0		\$70,081,000	\$99,282,000	\$317,313,000
Sales of Land	2,000,000	0		2,000,000	0	0
Lennar Corporate (Self Fund Project)	81,992,000	81,992,000		0	0	0
CFD	29,000,000	0		9,300,000	13,000,000	6,700,000
Credits/Reimbursements	2,744,000	0		395,000	560,000	1,789,000
<b>Total Sources of Funds</b>	<b>\$602,412,000</b>	<b>\$81,992,000</b>		<b>\$81,776,000</b>	<b>\$112,842,000</b>	<b>\$325,802,000</b>
<b>Uses of Funds</b>						
Land	27,380,000	27,380,000	100.0%	0	0	\$-1
Common Costs/Land Planning/Other <sup>(1)</sup>	4,421,000	2,300,000	52.0	318,000	318,000	1,484,999
Site Construction - Unit 1 <sup>(2)</sup>	25,327,000	23,834,000	94.1	597,000	597,000	289,999
Site Construction - Unit 2 and 3 <sup>(2)</sup>	64,053,000	4,200,000	6.6	8,978,000	8,978,000	41,897,000
Fitness Club - Unit 1	6,516,384	5,800,000	89.0	103,000	146,000	467,383
Social Club - Unit 2	5,462,932	0	0.0	0	287,000	5,175,932
Parks and Trails	1,800,000	10,000	0.6	258,000	365,000	1,167,000
Infrastructure - Roadway <sup>(3)</sup>	17,044,000	12,600,000	73.9	1,875,000	907,000	1,661,999
Wetland	1,300,000	0	0.0	0	1,300,000	0
Direct Construction	155,177,000	2,678,000	1.7	22,345,000	31,656,000	98,498,000
Fees & Permits	24,604,000	2,040,000	8.3	3,543,000	5,019,000	14,002,000
Service & Warranty	7,300,000	0	0.0	1,051,000	1,489,000	4,760,000
Field Expenses	7,787,000	0	0.0	1,121,000	1,589,000	5,077,000
Selling & Marketing	26,767,000	650,000	2.4	3,854,000	5,461,000	16,802,000
General & Administrative	2,434,000	0	0.0	350,000	496,000	1,588,000
Property Taxes & Other	5,840,000	500,000	8.6	841,000	1,191,000	3,308,000
<b>Total Uses of Funds</b>	<b>\$383,213,316</b>	<b>\$81,992,000</b>	<b>21.4%</b>	<b>\$45,234,000</b>	<b>\$59,799,000</b>	<b>\$196,188,311</b>
<b>NET CASH FLOW</b>	<b>\$219,198,684</b>	<b>\$0</b>		<b>\$36,542,000</b>	<b>\$53,043,000</b>	<b>\$129,613,689</b>
<b>Cumulative Cash Flow</b>		<b>\$0</b>		<b>\$36,542,000</b>	<b>\$89,585,000</b>	<b>\$219,198,689</b>

(1) Includes sewer lift stations.

(2) Includes payment of EID FCC fees, Potable Water, Drainage and Wastewater Improvements.

(3) Includes Carson Crossing Drive (Roadway, conspans, Intersection and joint trench) and Investment Blvd.

## APPRAISAL OF PROPERTY WITHIN THE DISTRICT

### The Appraisal

**General.** Bender Rosenthal, Inc., Sacramento, California (the "Appraiser") prepared an appraisal report dated \_\_\_\_\_, 2016, with a date of value of April 1, 2016 (the "Appraisal"). The Appraisal was prepared at the request of the County.

The Appraisal 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 complete Appraisal is on file with the County and is available for public inspection at the County offices at 330 Fair Lane, Placerville California 95667 or from the Underwriter during the initial marketing period. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

**Value Estimates.** The Appraisal 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 hypothetical market value (based on the hypothetical condition cited below) of all the land in the District. The property appraised excludes property in the District designated for public and quasi public purposes. The value estimate for the property as of the April 1, 2016 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 not less than \$108,070,000.

**Hypothetical Condition.** *The Facilities to be financed by the Bonds were not in place as of the date of inspection; thus, the value estimate is subject to a hypothetical condition (of such improvements being in place), defined as that which is contrary to what exists but is supposed for the purposes of analysis. For purposes of the hypothetical condition, the Appraiser assumed all infrastructure being financed through the proceeds of the Bonds is in place. The appraised value accounts for the lien of the Special Tax.*

**Aggregate Value.** The retail value for the property represents estimates of what an end user would pay for a finished property under conditions requisite to a fair sale. The Appraiser considered property finished if it were in a state where it could be purchased and then or shortly thereafter be fully developed, with all major infrastructure in place, the subdivision map ready for final approval, and the in-tract improvements able to be completed shortly. The aggregate retail value is the sum of the retail values for the applicable property groupings. This value estimate excludes all allowances for carrying costs and is not equal to the market value of all the subject properties.

**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. The discounted value of the property represents the market value of the property in the District.

**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 CCSP area will have enough water supply to complete the Facilities.
- The Appraisal relies on property information that was provided by the Developer, as well as information summarizing the estimated bond proceed amounts and the infrastructure 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 may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

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

**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 \$108,070,000, subject to the limiting conditions stated therein. (See "The Appraisal" above and Appendix B hereto.) The principal amount of the Bonds is \$\_\_\_\_\_\* . Consequently, the estimated bulk sale discounted value, subject to the Special Tax lien, of the real property within the District, is approximately \_\_\_\_\* times the principal amount of the Bonds, as shown below.

<b>Value-to-Lien Category</b>	<b>Parcels</b>	<b>Expected Units</b>	<b>Allocated Appraised Value</b>	<b>Expected 2016/17 Special Tax Levy</b>	<b>Allocated Bond Share<sup>(1)</sup></b>	<b>Aggregate Value-to-Lien</b>
Greater than 5:1 <sup>(2)</sup>	285	285	\$60,600,000	\$560,463	\$9,264,674	6.54:1
Greater than 1:1 - less than 2:1 <sup>(3)</sup>	1	--	1,172,447	44,483	735,327	1.59:1
Parcels not expected to be levied in FY16-17 <sup>(4)</sup>	2	774	46,297,553	--	--	--
<b>Total</b>	<b>288</b>	<b>1,059</b>	<b>\$108,070,000</b>	<b>\$604,946</b>	<b>\$10,000,000</b>	<b>10.81:1</b>

\* Preliminary, subject to change.  
 (1) Does not include overlapping debt; see "Overlapping Liens and Priority of Lien" below.  
 (2) Individual parcel value lien ratios range from 5.22:1 to 8.35:1.  
 (3) Unit 3, Lot 7 parcel.  
 (4) Unit 2 and Unit 3, Lot 4 parcels.  
 Source: NBS for tax levy, Underwriter for value to bonds.

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 a parity with the lien of the Special Tax. In addition, construction loans may be obtained by the Developers 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, 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.

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**County of El Dorado  
Community Facilities District No. 2014-1 (Carson Creek)  
Summary of Overlapping Debt  
February 2016**

2015-16 Assessed Valuation: \$15,091,719 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/1/16</u>
Los Rios Community College District General Obligation Bonds	0.009%	\$32,393
El Dorado Union High School District General Obligation Bonds	0.078	52,215
El Dorado Irrigation District General Obligation Bonds	0.284	3,967
<b>El Dorado County Community Facilities District No. 2014-1</b>	<b>100.000</b>	<b>-</b> <sup>(1)</sup>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$88,575</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Rios Community College District Certificates of Participation	0.009%	\$ 501
El Dorado Union High School District Certificates of Participation	0.078	8,307
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$8,808</b>
 <b>COMBINED TOTAL DEBT</b>		<b>\$97,383</b> <sup>(2)</sup>

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

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

Ratios to 2015-16 Assessed Valuation:

<b>Direct Debt</b> .....	<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	0.59%
Combined Total Debt .....	0.65%

There can be no assurance that the Developer, its affiliates 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 Developer.

Private liens, such as deeds of trust securing loans obtained by the Developer, 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 projected that the overall tax burden for a single family residence selling for \$450,000 will be approximately 1.5939%, as shown in the following table.

**County of El Dorado  
Community Facilities District No. 2014-1 (Carson Creek)  
Projected Overall Tax Burden for Single-Family Residence Valued at \$450,000  
(Fiscal Year 2015-16)**

Item	Tax
Estimated Home Price <sup>(1)</sup>	\$450,000
HOA Fees	--
Homeowner's Exemption	(7,000)
Estimated Assessed Value	\$443,000
Ad Valorem Property Taxes	
Proposition 13 Property Tax	1.0000%     \$4,430
El Dorado Union High School District	0.0196         87
Los Rios Community College District	0.0091         40
El Dorado Irrigation District - Against Land Value Only	0.0093         13
Subtotal, Ad Valorem Property Taxes	1.0380%     \$4,570
Direct Charges	
CFD No. 2014-1 <sup>(2)</sup>	\$1,938
CSA 10 Solid Waste Management/Litter Collection	17
CSA 10 Household Hazardous Waste Fee	3
CSA 9 Road and Drainage Zone of Benefit <sup>(3)</sup>	263
CSA 7 West Slope Ambulance Service Fee	25
EDH L&L #39 Carson Creek	322
EDH CSD CC&R Assessment (Measure B)	10
Library Services Tax (Zone E El Dorado Hills)	25
Subtotal, Direct Charges	\$2,603
Total Ad Valorem Property Taxes and Direct Charges	\$7,173
Overall Tax Burden	1.5939%

(1) Based on hypothetical pricing from the Developer.  
 (2) From Attachment 2 of the RMA.  
 (3) Developer estimate; properties may be subject to the County of El Dorado County Service Area #9 Zone of Benefit, which provides for road and drainage facility maintenance and improvement services. The Zone of Benefit has yet to be determined by the County.  
 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 comprised of a residential subdivision under development, with most of the taxable property currently undeveloped and owned by the Developer. Such concentration of ownership means that the timely payment of the Bonds is dependent upon the continued willingness and ability of the Developer to pay the Special Taxes when due. Home sales are underway and ownership of property in the District is beginning to diversify, but until further diversification of ownership occurs, the failure of the Developer 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 the Developer's cash flow which differs significantly from the Developer's cash flow projections could be a significant factor affecting the ability or willingness of the Developer to pay the Special Tax or to complete the Development.

### **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 the Developer or future owners of the parcels to obtain financing, fluctuations in the real estate market or interest rates, unexpected increases in development costs, changes in federal, state or local governmental policies relating to the ownership of real estate, water allocation related issues, or the appearance of previously unknown environmental impacts necessitating preparation of a supplemental environmental impact report, and by other similar factors.

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 the Developer. 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 the Developer 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."

Further, an unsettled issue is outstanding regarding wetland mitigation on a portion of the undeveloped property in the District, pertaining to future development in Unit 2. The U.S. Army Corps of Engineers is currently conducting additional jurisdictional determinations due to a reappearance of wetlands within the District and will require the Developer to submit a new application for appropriate permits to continue the development in Unit 2, as well as engage in additional compensatory mitigation. See "THE DISTRICT - Planned Development - *Seasonal Wetlands Affecting Unit 2*" for additional information.

### **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 the Developer to comply with all disclosure requirements of the Act, specifically including the notice to prospective purchasers under Section 53341.5 of the Act.

### **Future Land Use Regulations**

Notwithstanding that the Development Agreement, 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 from future land use or

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

It is also possible that future federal or state regulations, or regulations of other public agencies having jurisdiction over an aspect of the Development, could be applicable to the Development and could negatively affect the ability of the Developer, or its successors, to complete the proposed Development. For example, EID could impose a water moratorium or new restrictions on the number of water allocations granted each year. In addition, it is the County's understanding that any further use of Folsom Reservoir for water supplies will require that EID must enter into a contract with the United States Bureau of Reclamation (the "Bureau") for the use of the Bureau's Folsom Lake storage facilities. Before entering into this contract, the Bureau may be required to initiate and complete a consultation with the United States Fish and Wildlife Service under Section 7 of the Federal Endangered Species Act. This process could add to the time required for completion of the Development and could result in additional restrictions on the use of such water supplies, including related land use restrictions. In addition, measures could be imposed to protect any endangered species which might be identified in or near the Development in the future (see "Endangered Species"). This possibility presents a risk to prospective purchasers of the Bonds, or beneficial ownership interests therein, in that an inability to complete the Development as planned increases the risk that the Bonds will not be repaid when due. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis.

### **Earthquakes**

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

### **Endangered Species**

It is illegal to harm or disturb any plants or animals in their habitat that have been listed as endangered species by the United States Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Although the Developer believes that no federally listed endangered or threatened species would be affected by the proposed development within the District, other than any that are permitted by the entitlements already received, the discovery of an endangered plant or animal could delay development of vacant property in the District or reduce the value of undeveloped property. Additionally, new species are proposed to be added

to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect species located on or adjacent to the property within the District could negatively affect the ability to complete development in the District as planned. This, in turn, could reduce the likelihood of timely payment of the Special Taxes and would likely reduce the value of the land estimated by the Appraiser and the potential revenues available at a foreclosure sale for delinquent Special Taxes. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis."

During recent years, there has been an increase in activity at the State and federal level related to the possible listing of certain plant and animal species found in California as endangered species. An increase in the number of endangered species is expected to curtail development in a number of areas. The Developer indicates that no special status plant or wildlife species were found on site during the field surveys conducted in preparation of the EIR. The Developer reports that there has been no other indication to date that any plant or animal species listed (or proposed for listing by the California Department of Fish and Game or the United States Fish and Wildlife Service) as threatened or endangered under either the State of California or federal endangered species acts, inhabits any of the property within the District. Notwithstanding this fact, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect species located on or adjacent to the property within the District could negatively affect the Developer's ability to complete the Development as planned. This, in turn, could reduce the likelihood of timely payment of the Special Taxes and would likely reduce the value of the land estimated by the Appraiser and the potential revenues available at a foreclosure sale for delinquent Special Taxes. See "SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development on a Timely Basis" and " - Land Values."

### **Hazardous Substances**

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

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

The effect of any parcel within the District being affected by a hazardous substance could be to reduce the marketability and value of the parcel by the costs of remedying the



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

### **Naturally Occurring Asbestos**

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

In response to the potential for release of asbestos fibers into the air, the County first adopted a ordinance that contains construction control measures to be applied whenever development occurs in areas containing serpentine rock. These regulations do not prohibit construction activities, but in areas where naturally occurring asbestos can be found, construction projects must have dust-control measures in place as well as mitigation procedures for soil and rock areas disturbed by construction. In addition, the asbestos ordinance requires a disclosure as part of real estate transactions for properties where naturally occurring asbestos soils are known to have been disturbed. In 2002, a vein of rock containing amphibole asbestos was uncovered during construction of new soccer fields at Oak Ridge High School, which is located in Serrano, approximately three-quarters of a mile to the east of the District. As a result, the U.S. Environmental -Protection Agency (EPA) conducted a comprehensive investigation to assess the potential for exposure from naturally occurring asbestos. In 2004, the EPA collected samples in local community areas and schools, including children's playgrounds and local parks. The EPA collected fixed samples of air and soil and "activity-based" samples of air. The "activity-based" air samples were collected during simulated recreational activities to more accurately estimate the level of exposure for children and adults engaged in these activities. The EPA's report of its investigation showed that asbestos fibers were found in almost all of the samples collected.

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

that community members and groups learn how to minimize their exposure to asbestos while conducting their normal activities.

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

### **California Drought Conditions**

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

The Governor's State of Emergency follows a series of actions the administration has taken to ensure that California is prepared for record dry conditions. In May 2013, Governor Brown issued an Executive Order to direct state water officials to expedite the review and processing of voluntary transfers of water and water rights. In December 2014, the Governor formed a Drought Task Force to review expected water allocations, California's preparedness for water scarcity and whether conditions merit a drought declaration.

On April 1, 2015, for the first time in state history, the Governor directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25 percent. This savings amounts to approximately 1.5 million acre-feet of water over the next nine months.

On May 17, 2016, the State Water Resources Control Board rescinded its mandatory water reductions due to an improved water supply outlook. The State Water Resources Control Board also granted individual water suppliers like EID broad control over future conservation orders

The District cannot predict how long the drought conditions will last, what effect drought conditions may have on property values or whether or to what extent water reduction requirements may affect the homeowners in the District

### **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 12 years (from March 12, 1990 through June 12, 1992 and from November 9, 1992 through August 9, 1993). In the first case, this was due to a perceived shortage of water supply, and in the second case, delivery of available water supply was interrupted as a result of a major forest fire. In the first case, EID ceased allowing new hook-ups pending confirmation of its capacity to serve but constructed facilities to more fully utilize existing water supplies which were made available for new hook-ups. In the second case, EID developed water conservation plans and water shortage response measures to deal with this and future emergencies.

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

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

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

## **Water Reports**

On August 22, 1995, The Board of Supervisors adopted Ordinance No. 4385 (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.

The County does not believe it is currently in compliance with all of the requirements of the Water Ordinance, and has not provided a summary of the water availability assessment to the County property owners on its most recent property tax assessment roll. The County does not believe that such instances of non-compliance will have any negative impacts on the proposed development in the District.

## **Direct and Overlapping Public Indebtedness**

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

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

## **Private Indebtedness**

See "OWNERSHIP OF PROPERTY IN THE DISTRICT - Developer Finances." Deeds of trust securing residential mortgages or construction financing will likely encumber those

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

## **Land Values**

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

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

## **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 Special Tax, the County may adjust the Special Tax levied on all property within the District to provide an amount required to pay interest on and principal of and minimum sinking fund payments for the Bonds, and the amount, if any, necessary to cure delinquencies and replenish the Reserve Fund to an amount equal to the Required Bond Reserve and to pay all annual expenses. However, the amount of the Special Tax that may be levied against particular categories of property within the District is subject to the 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.

The ability of the County to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax installment may be limited in certain respects with regard to property in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The County is unable to predict what effect this assertion would have in the event of a delinquency on a parcel within the District in which the FDIC has or obtains an interest. In addition, although the FDIC does not claim immunity from *ad valorem* property taxation, it requires a foreclosing entity to obtain FDIC's consent to foreclosure proceedings. Prohibiting a foreclosure on property owned by the FDIC could significantly reduce the amount available to pay the principal of and interest on the Bonds. Either outcome would cause a draw on the Reserve Fund and perhaps, ultimately, a default in the payment on the Bonds.

## **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 Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the *terms* of the Bonds or the Fiscal Agent 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 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 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the County in violation of its covenants in the Fiscal Agent 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 Bonds were to be includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Tax.

### **Ballot Initiatives**

From time to time initiative measures could be adopted by California voters which might place limitations on the ability of the State, the County or local public agencies to increase revenues or to increase appropriations or on the ability of the Developer to complete the Development. Government Code Section 66474.3 requires a city or county to permit the portion of a development project served by bond-financed infrastructure to proceed in a manner

consistent with an approved tentative map or vesting tentative map, notwithstanding the effect of an initiative measure enacted at least 90 days after the issuance of bonds, if the legislative body of the city or county finds that as a result of the initiative measure there is likely to be a default on the land-secured bonds issued to finance such infrastructure. To date, there are no reported cases in California with respect to the constitutionality of Government Code Section 66474.3.

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

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

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

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

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

The *San Diego* Court held that the CCFD special tax election did not comply with the City's Charter and with applicable provisions of the California Constitution -- specifically Article XIII A, section 4 ("Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district...") and Article 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 April 16, 2014. 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 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX D.

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

**Tax Exemption**

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

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

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

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

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

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

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other

than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

### **No Litigation**

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

### **CONTINUING DISCLOSURE**

The County has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than April 30 after the end of the County's fiscal year (presently June 30) in each year (the "**Annual Report**"), commencing with its report for fiscal year 2015-16, and provide notices of the occurrence of certain enumerated events.

[The Developer has 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 (reflecting reported information as of December 31<sup>st</sup> of the prior year) beginning with the report due October 1, 2016 (the "**Developer Periodic Reports**") and to provide notices of the occurrence of certain enumerated events. The obligation of the Developer to provide such information is in effect only so long as the Developer 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 the Developer's undertaking includes a provision that if a portion of the Developer's property which is responsible for such 20% is sold, the reporting obligation may be assumed by the new owner and the Developer's obligations with respect to such property will be terminated, or if not so assumed, the Developer is to report such required information, as applicable to the transferee.]

In the last five years, the Developer has not failed to comply in any material respects with its previous undertakings, specifically regarding its requirement to provide prior developer periodic reports or to provide notice of occurrence of enumerated events.

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 the Developer is summarized in "APPENDIX E — FORM OF CONTINUING DISCLOSURE UNDERTAKINGS."

The County has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of bonds. Within the last five years, the County has not met its disclosure undertakings with regards to timing of filing its audited financial statements. The County's audited financial statement for fiscal year 2009-10 was filed 1,413 days late, the audited financial statement for fiscal year 2010-11 was filed 1,048 days late, the audited financial statement for fiscal year 2011-12 was filed 181 days late, the audited financial statement for fiscal year 2012-13 was filed 188 days late, and the audited financial statement for fiscal year 2013-14 was filed 182 days late. Within the last five years, with respect to previously issued Special Tax Bonds, the required operating data was generally timely filed except in the following instances: (i) operating data for CFD 2005-1 which was required to be filed for fiscal year 2012-13 was filed nine days late; and (ii) operating data which was required to be filed for fiscal year 2011-12 was filed on time but was missing a "Special Tax Levy by Land Use" table. [The County is now in full compliance with its disclosure undertakings][County/Underwriter to confirm]. In order to assist it in complying with its disclosure undertakings, including timely submission of information for the Bonds, the District will utilize a third party to serve as its dissemination agent to assist with future disclosure undertakings. The District's initial dissemination agent will be NBS Government Finance Group. The District has also revised the due date for its annual reports from the October 30 date on its other outstanding bonds to April 30 for the Bonds in order to further enhance its ability to comply with its continuing disclosure obligations. The County expects to be able to meet its disclosure obligations for the Bonds.

**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

DRAFT

**APPENDIX A**

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

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**APPENDIX B**  
**THE APPRAISAL**

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## APPENDIX C

### GENERAL INFORMATION ABOUT THE COUNTY OF EL DORADO

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

#### General and Location

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

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

#### Population

The historic population estimates for the City, the County and the State of California as of January 1 of the calendar years 2011 through 2015 are listed below.

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

Calendar Year	El Dorado County	State of California
2011	180,483	37,427,946
2012	180,712	37,678,563
2013	181,997	37,984,138
2014	183,287	38,357,121
2015	184,917	38,714,725

Source: California State Department of Finance

**Effective Buying Income**

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

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2010 through 2014. Effective Buying Income data is not yet available for calendar year 2015.

**EI DORADO COUNTY  
AND THE COUNTY OF EL DORADO  
Effective Buying Income  
2010 through 2014**

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

*Source: The Neilson Company Inc.*

**Taxable Transactions**

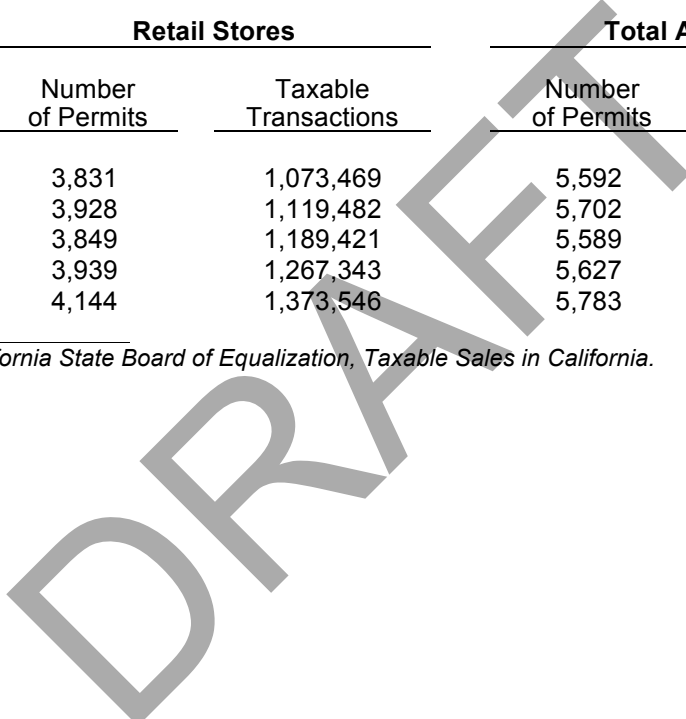
A summary of historic taxable sales within El Dorado County during the past five years in which data is available is shown in the following table. Annual figures for calendar year 2014 are not yet available.

Total taxable sales during the calendar year 2013 in El Dorado County were reported to be \$1,877,143,000 a 7.87% increase over the total taxable sales of \$1,740,172,000 reported during the calendar year 2012.

**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>
2009	3,831	1,073,469	5,592	1,527,935
2010	3,928	1,119,482	5,702	1,561,471
2011	3,849	1,189,421	5,589	1,651,689
2012	3,939	1,267,343	5,627	1,740,172
2013	4,144	1,373,546	5,783	1,877,143

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



## Largest Employers

The following chart presents the major employers in the County as of March 2015.

### EL DORADO COUNTY Major Employers March 2015

Employer Name	Location	Industry
Barton Memorial Hospital	South Lake Tahoe	Hospitals
Blue Shield of California	El Dorado Hills	Insurance
Cemex	El Dorado Hills	Construction Materials NEC (Whls)
Child Development Programs	Placerville	Child Care Service
County of Eldorado	Placerville	County Government-General Offices
Cyber Quest-Red Hawk Casino	Placerville	Amusement & Theme Parks
Dst Output	El Dorado Hills	Direct Mail Services
El Dorado Cnty Transportation	Placerville	County Govt-Transportation Programs
El Dorado County Human Svc	Placerville	County Government-Social/Human Resources
El Dorado County Sheriff	Placerville	Sheriff
El Dorado Irrigation District	Placerville	Water & Sewage Companies-Utility
Lake Tahoe Community College	South Lake Tahoe	Schools-Universities & Colleges Academic
Marriott	El Dorado Hills	Hotels & Motels
Marriott-Grand Residence Tahoe	South Lake Tahoe	Hotels & Motels
Marriott-Timber Lodge	South Lake Tahoe	Hotels & Motels
Mc Clone Construction Co	Cameron Park	General Contractors
More	Placerville	Rehabilitation Services
Mother Lode Bail Bonds	Placerville	Bonds-Bail
Pacific Gas & Electric Co	Placerville	Electric Companies
Raley's	El Dorado Hills	Grocers-Retail
Raley's	Placerville	Grocers-Retail
Safeway	South Lake Tahoe	Grocers-Retail
Sierra At Tahoe Resort	Twin Bridges	Skiing Centers & Resorts
South Lake Tahoe City Manager	South Lake Tahoe	City Government-Executive Offices
Spare Time Inc	El Dorado Hills	Health Clubs Studios & Gymnasiums

Source: State of California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2015 2nd Edition.

**Employment**

The District is included in the Sacramento Arden Arcade Roseville Metropolitan Statistical Area (“MSA”). The unemployment rate in the Sacramento-Roseville-Arden Arcade MSA was 5.6 percent in April 2015, down from a revised 5.9 percent in March 2015, and below the year-ago estimate of 6.9 percent. This compares with an unadjusted unemployment rate of 6.1 percent for California and 5.1 percent for the nation during the same period. The unemployment rate was 5.5 percent in El Dorado County, 4.8 percent in Placer County, 5.7 percent in Sacramento County, and 6.1 percent in Yolo County.

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

**SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA  
(El Dorado, Placer, Sacramento, Yolo Counties)  
Annual Average Labor Force and Employment Industry  
Calendar Years 2010 through 2014 (March 2013 Benchmark)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Civilian Labor Force <sup>(1)</sup></b>	1,048,500	1,044,400	1,049,500	1,046,800	1,049,200
Employment	918,700	920,900	941,100	956,100	974,100
Unemployment	129,700	123,600	108,300	90,800	75,100
Unemployment Rate	12.4%	11.8%	10.3%	8.7%	7.2%
<b>Wage and Salary Employment<sup>(2)</sup></b>					
Agriculture	8,100	8,200	8,600	8,900	9,200
Mining and Logging	400	500	400	500	500
Construction	38,400	36,900	38,400	43,300	45,500
Manufacturing	32,800	33,200	33,900	34,000	34,800
Wholesale Trade	22,800	23,700	25,200	25,000	24,700
Retail Trade	88,000	89,400	91,800	93,800	95,600
Transportation, Warehousing and Utilities	21,800	21,100	22,000	22,900	23,400
Information	17,200	16,300	15,600	14,800	13,700
Finance and Insurance	36,200	34,700	35,700	36,300	35,300
Real Estate and Rental and Leasing	12,200	12,000	12,500	13,100	13,400
Professional and Business Services	102,300	104,400	111,100	114,600	119,100
Educational and Health Services	115,100	116,900	121,300	128,400	134,900
Leisure and Hospitality	80,200	81,700	84,500	88,700	91,900
Other Services	28,100	28,000	28,600	29,000	30,400
Federal Government	14,700	14,000	13,700	13,500	13,500
State Government	110,900	109,700	108,200	109,900	113,500
Local Government	104,700	100,900	99,600	99,200	100,400
Total, All Industries <sup>(3)</sup>	833,800	831,500	851,100	875,700	899,600

(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 2010 through 2014. Annual figures are not yet available for calendar year 2014.

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

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Permit Valuation					
New Single-family	\$40,884.0	\$54,694.8	\$51,963.9	\$116,123.0	\$155,902.6
New Multi-family	1,306.3	0.0	33,132.7	4,913.4	5,605.8
Res. Alterations/Additions	<u>21,741.4</u>	<u>41,433.9</u>	<u>49,227.5</u>	<u>51,096.6</u>	<u>44,067.1</u>
Total Residential	63,931.7	96,128.7	134,324.1	172,133.0	205,575.5
New Commercial	4,355.1	11,636.0	869.6	63,119.4	5,188.8
New Industrial	0.0	0.0	0.0	340.0	244.3
New Other	14,997.7	1,320.5	0.0	14,386.6	27,389.2
Com. Alterations/Additions	<u>11,810.0</u>	<u>47,718.4</u>	<u>818.4</u>	<u>19,524.6</u>	<u>22,756.5</u>
Total Nonresidential	\$31,162.8	\$60,674.9	\$1,688.0	\$97,370.6	55,578.8
New Dwelling Units					
Single Family	110	137	123	293	396
Multiple Family	<u>5</u>	<u>0</u>	<u>115</u>	<u>46</u>	<u>32</u>
TOTAL	115	137	238	339	428

*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**

\_\_\_\_\_, 2016

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

OPINION: \$\_\_\_\_\_ County of El Dorado Community Facilities District No. 2014-1  
(Carson Creek) Special Tax Bonds Series 2016

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. 2014-1 (Carson Creek) Special Tax Bonds Series 2016 (the "Bonds") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code (the "Act"), a resolution of the County adopted \_\_\_\_\_, 2016 (the "Resolution") and a Fiscal Agent Agreement, dated as of \_\_\_\_\_ 1, 2016 by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The County is duly organized and validly existing as a municipal corporation and general law County under the laws of the State of California, with power to enter into the Fiscal Agent Agreement, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the County and are legal, valid and binding obligations of the County, payable solely from the sources provided therefor in the Fiscal Agent Agreement.



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

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

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

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

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

Respectfully submitted,

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

\$ \_\_\_\_\_  
County of El Dorado  
COMMUNITIES FACILITIES DISTRICT NO. 2014-1  
(Carson Creek)  
SPECIAL TAX BONDS SERIES 2016

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 July 1, 2016 (the "Fiscal Agent Agreement"), by and between the County and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The County hereby covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

Section 3. Provision of Annual Reports.

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

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

(c) The Dissemination Agent shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its

obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

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

Date: \_\_\_\_\_, 2016

COUNTY OF EL DORADO for and on behalf of the COUNTY OF EL DORADO COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CARSON CREEK)

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. 2001-1  
(Carson Creek) Special Tax Bonds, Series 2016

Date of Issuance: \_\_\_\_\_, 2016

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

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

DISSEMINATION AGENT:

\_\_\_\_\_

DRAFT

**CONTINUING DISCLOSURE CERTIFICATE  
(Developer)**

**THIS CONTINUING DISCLOSURE AGREEMENT** (the "Disclosure Certificate") dated as of \_\_\_\_\_, 2016, is by and between \_\_\_\_\_ (the "Developer") and \_\_\_\_\_, in connection with the execution and delivery of the \_\_\_\_\_ Special Tax Bonds Series 2016 (the "Bonds"). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement, dated as of \_\_\_\_\_ 1, 2016 (the "Fiscal Agent Agreement"), by and between the County of El Dorado and \_\_\_\_\_ (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.

"Dissemination Agent" means \_\_\_\_\_, or any successor 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.

"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 \_\_\_\_\_, 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, 2016, 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, or

(iv) the date on which (A) the Developer has completed construction of all buildings to be constructed within property it owns in the District and (B) each such building constructed by the Developer and intended for lease by the Developer has been, since completion of construction, at least 80% occupied at one time or another.

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 Assumption Agreement in form and substance reasonably satisfactory to the County and the Participating Underwriter. 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 Trust 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 Trust Agreement, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. 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 Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an "Indemnified Party"), 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 reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding loss, liabilities, costs and expenses due to an Indemnified Party's negligence or willful misconduct or failure to

perform its duties hereunder. The Dissemination Agent shall be paid compensation for its services provided hereunder in accordance with its schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. 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 Developer, the Fiscal Agent, the Bond owners, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Developer

To the Dissemination Agent:

To the Issuer/County:

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Developer (its successors and assigns), 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. 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 parties hereto have executed this Disclosure Certificate as of the date first above written.

\_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_  
[                    ]

\_\_\_\_\_,  
*as Dissemination Agent*

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

DRAFT



**EXHIBIT A**

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

Name of Issuer: \_\_\_\_\_

Name of Bond Issue: \$ \_\_\_\_\_, Special Tax Bonds, Series 2016

Date of Issuance: \_\_\_\_\_, 2016

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 of the 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

DRAFT

**EXHIBIT B**

**PERIODIC REPORT**

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "Disclosure Certificate") dated \_\_\_\_\_, 2016 executed by the undersigned (the "Developer") in connection with the issuance of the above-captioned bonds by the \_\_\_\_\_ (the "County") with respect to its \_\_\_\_\_ Community Facilities District No. \_\_\_\_\_ (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:**

\_\_\_\_\_  
\_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_

**D. Aggregate property sold, optioned or leased by the Developer to end users or merchant builders:**

<u>Since the Date of Issuance of the Bonds</u>		<u>Since the Last Periodic Report</u>	
Acres*	_____	Acres*	_____
Lots	_____	Lots	_____
Bldg. Sq. Ft.	_____	Bldg. Sq. Ft.	_____

\* For bulk land sales only (excluding sales of finished lots or completed buildings).

**E. Status of any land purchase contracts with regard to the Property, whether acquisition of land in the District by the Developer or sales of land in the District to other**

property owners, distinguishing between (i) end users (e.g., condominiums), (ii) developers and (iii) merchant builders.

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F. With respect to occupied buildings owned and leased by Developer, (i) occupancy percentage and (ii) a rent roll consisting solely of (A) term of lease and (B) number of square feet subject to the lease.

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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 heading "PROPERTY OWNERSHIP AND PROPOSED DEVELOPMENT" 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.

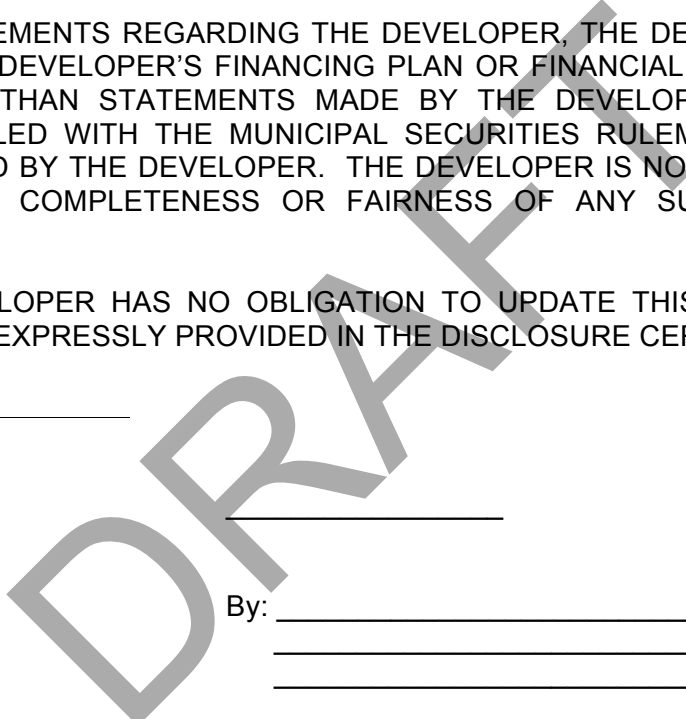
ANY STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. 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 City, 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 City 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 City 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 City 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 City 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 City 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.