



**RESOLUTION NO. 133-2011**  
**OF THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO**

**Supplemental Resolution Amending Indenture and Providing Direction for  
Implementation of the Rate and Method of Apportionment of Special Tax  
Pertaining to Community Facilities District No. 1992-1 (El Dorado Hills Development)**

**WHEREAS**, pursuant to Section 8.0 of the Indenture dated as of August 1, 1999, as amended by the First Amendment to Indenture dated as of May 1, 2004, and as supplemented by the First Supplemental Indenture dated as of May 1, 2004 (as so amended and supplemented, the "Indenture"), by and between the County and The Bank of New York Mellon Trust Company, N.A. (successor as Fiscal Agent to BNY Western Trust Company), the Indenture may be amended by a supplemental resolution for the purpose of adding any provision that the County may deem desirable or necessary and that does not adversely affect the interests of the owners of the bonds issued pursuant to the Indenture (the "Bonds");

**WHEREAS**, the Rate and Method of Apportionment of Special Tax ( the "RMA"), appended to the Indenture and voted on by the property owners, requires that a special tax be levied on the taxable property in the CFD in an aggregate amount equal to "Annual Costs" as defined therein;

**WHEREAS**, the levy of the special tax has resulted in the accumulation of surplus tax amounts;

**WHEREAS**, this Board wishes to take action to reduce the burden on the owners of property within the CFD by preventing the continued levy of more special taxes than are needed to meet the needs of the CFD;

**WHEREAS**, "Debt Service," the primary component of Annual Costs, is defined in the RMA as scheduled debt service on the Bonds "less any applicable credits that may be available from any other sources available to the County to pay principal and interest for the previous or current Fiscal Year or Bond Year";

**WHEREAS**, various provisions of the Indenture may be amended to provide that surplus money held in funds and accounts established by the Indenture be made available for the payment of debt service on the Bonds;

**WHEREAS**, because the Indenture provides that surplus funds in the Facilities Account may be used by the County to redeem Bonds or to acquire additional facilities, the owners of the Bonds have no reasonable expectation that those funds would be available to pay current debt service on the Bonds and, consequently, amending the

Indenture to permit use of the surplus to reduce tax levies would not adversely affect the interest of the owners of the Bonds;

**WHEREAS**, once made available for the payment of debt service, such amounts are properly considered applicable credits against the Debt Service component of Annual Costs and the Board of Supervisors wishes to ensure that under the RMA they are considered applicable credits against the Debt Service component of Annual Costs;

**WHEREAS**, the form of such an amendment to the Indenture (the "Second Amendment to Indenture") to accomplish that goal has been presented to and considered by this Board of Supervisors;

**NOW, THEREFORE**, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO, AS FOLLOWS:

**Section 1. Recitals.** The foregoing recitals are true and correct and the Board so finds and determines.

**Section 2. Amendment of Indenture.** The Board hereby approves the Second Amendment to Indenture, attached hereto as Exhibit "A" and incorporated herein by this reference, and authorizes the Chief Administrative Officer of the County to execute the Second Amendment to Indenture in substantially the form presented to the Board with such revisions or corrections as may be required by The Bank of New York Mellon Trust Company, N.A., and approved by the Chief Administrative Officer.

**Section 3. Directions for Implementation of RMA.** "*Debt Service Credit.*" In calculating Annual Costs for each Fiscal Year, beginning with fiscal year 2011-2012, there shall be included as a credit against Debt Service the balance in the Redemption Account following the transfers made in accordance with Section 2 of the Second Amendment to Indenture, less the amount of the scheduled payment of principal of and interest on the Bonds coming due on the next succeeding September 1. For this purpose, the balance in the Redemption Account as of the first business day of the Fiscal Year shall be deemed to include all of the amounts required to be transferred for deposit into the Redemption Account on the last business day of the preceding Fiscal Year pursuant to the Indenture.

With respect to fiscal year 2010-2011, the County shall deem the amount of \$233,545.86, to have been transferred to the Redemption Account on July 20, 2010, recalculate the taxes for 2010-11 accordingly, and process a tax refund in that amount payable out of the CFD Fund, but only if the County shall have obtained a final judgment in a validation action declaring that such retroactive application of this Resolution and the Second Amendment to Indenture is lawful and valid.

**Section 4. Effective Date; Operative Date.** This Resolution shall be effective upon adoption. However, this Resolution shall not be operative, and shall have no force and effect, until Serrano Associates has executed and delivered to County a release and waiver of all claims relating to CFD taxes levied for all fiscal years 2010/11 and earlier, in form satisfactory to the County Counsel.

PASSED AND ADOPTED by the Board of Supervisors of the County of El Dorado at a regular meeting of said Board, held the 26 day of July, 2011 by the following vote of said Board:

Attest:

Suzanne Allen de Sanchez  
Clerk of the Board of Supervisors

Ayes: Knight, Santiago, Nutting, Sweeney, Briggs

Noes: none

Absent: none

By: 

Deputy Clerk

  
Chairman, Board of Supervisors

John R. Knight, First Vice Chair

I CERTIFY THAT:

THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE.

Attest: Suzanne Allen de Sanchez, Clerk of the Board of Supervisors of the County of El Dorado, State of California.

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Deputy Clerk

**Exhibit "A"**

**SECOND AMENDMENT TO INDENTURE**

By and Between

**THE COUNTY OF EL DORADO**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**

As Successor to

**BNY WESTERN TRUST COMPANY,**

as Fiscal Agent

Pertaining to

Community Facilities District No. 1992-1

(El Dorado Hills Development)

Dated as of \_\_\_\_\_, 2011

This Second Amendment to Indenture (this "Second Amendment"), dated as of \_\_\_\_\_, 2010, by and between the County of El Dorado (the "County") and The Bank of New York Mellon Trust Company, N.A., as successor to BNY Western Trust Company, as Fiscal Agent (the "Fiscal Agent"), is hereby entered into to provide for the amendment of that certain Indenture, dated as of August 1, 1999, by and between the County and BNY Western Trust Company, as amended by that certain First Amendment to Indenture, dated as of May 1, 2004, by and between the County and the BNY Western Trust Company, and as supplemented by that certain First Supplemental Indenture, dated as of May 1, 2004, by and between the County and BNY Western Trust Company (as so amended and supplemented, the "Original Indenture") in order to permit money held in certain funds and accounts under the Indenture to be applied to the payment of debt service on bonds (the "Bonds") issued by the County for the benefit of Community Facilities District No. 1992-1 (El Dorado Hills Development), County of El Dorado, State of California (the "CFD"), which amendment the County finds desirable and necessary and which does not adversely affect the interests of the owners of the Bonds.

#### **Section 1. Recitals.**

(a) The CFD was formed by the County on February 23, 1993 pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act").

(b) On December 14, 1993, the then owner of all of the land with the CFD and the sole qualified elector thereof, voted in favor of (i) the issuance of up to \$60,000,000 principal amount of Bonds and (ii) the rate and method of apportionment of a special tax to be levied on the taxable property within the CFD.

(c) On May 10, 1994 and on September 20, 1994, following mailed ballot elections held pursuant to the Act, this Board of Supervisors adopted resolutions altering the rate and method of apportionment of such special tax (as so altered, the "RMA").

(d) The County has issued three series of Bonds (in 1994, 1999, and 2004, respectively), of which Bonds of the latter two series remain outstanding.

(e) The RMA requires that the special tax be levied on the taxable property in the CFD in an aggregate amount equal to "Annual Costs" as defined therein.

(f) The levy of the special tax has resulted in the accumulation of surplus tax amounts that, by the terms of the Indenture, are not available to reduce the amount of Annual Costs in subsequent years.

(g) The Board of Supervisors wishes to take action to reduce the burden on the owners of property within the CFD by preventing the continued levy of more special taxes than are needed to meet the needs of the CFD.

(h) "Debt Service," the primary component of Annual Costs, is defined in the RMA as scheduled debt service on the Bonds "less any applicable credits that may be available from any other sources available to the County to pay principal and interest for the previous or current Fiscal Year or Bond Year."

(i) Various provisions of the Indenture may be amended to provide that surplus money held in funds and accounts established by the Indenture be made available for the payment of debt service on the Bonds.

(j) Pursuant to Section 8.0 of the Indenture, the Indenture may be amended by a supplemental resolution or indenture for the purpose of adding any provision that the County may deem desirable or necessary and that does not adversely affect the interests of the owners of the Bonds.

(k) Because the Indenture provides that such surplus funds are eventually transferred into the Facilities Account where they may be used by the County to redeem Bonds or to acquire additional facilities, the owners of the Bonds have no reasonable expectation that those funds would be available to pay current debt service on the Bonds and, consequently, amending the Indenture to permit use of the surplus to reduce tax levies would not adversely affect the interest of the owners of the Bonds.

**Section 2. Sections of Original Indenture Amended.** Any provision of the Original Indenture, specifically including but not limited to Sections 3.4, 3.5, 3.8, 3.8.1 and 3.8.2 to the contrary notwithstanding, except as hereinafter provided, on the effective date hereof and on July 20th of each fiscal year thereafter :

(i) after first fully funding the Redemption Account and replenishing the Reserve Account pursuant to priorities "First" and "Second" under Section 3.4, the Fiscal Agent shall transfer to the Redemption Account all amounts remaining on deposit in the Special Tax Fund (such amounts remaining on deposit in the Special Tax Fund is referred to as "Remaining Amounts") other than:

(A) the amount specified by the County to the Fiscal Agent that is necessary to increase the balance in the Expense Account of the CFD Fund to the amount of the expenses of CFD 1992-1 for the current fiscal year (as estimated by the County), which amount the Fiscal Agent shall transfer to the County for deposit into the Expense Account. For fiscal year 2011-2012, that amount is stipulated to be \$71,570.49;

(B) an amount equal to \$200,000.00 or such other amount as may be specified from time to time by the Board of Supervisors of the County and communicated to the Fiscal Agent in a written instruction from a County Representative not later than July 6<sup>th</sup> of each fiscal year;

(C) an additional amount equal to \$9,023,864.02 to be withheld only from the transfer to occur on the effective date hereof, which amount represents proceeds derived from the sale of the Bonds and investment earnings thereon, which amount shall be transferred to the County for deposit in the Facilities Account of the CFD Fund; and,

(ii) the County shall transfer to the Fiscal Agent for deposit in the Redemption Account all amounts on deposit in the CFD Fund and each of its accounts other than the Expense Account (including earnings derived from the investment of such amounts), except:

(A) any amount therein received on account of prepayments by property owners of the special tax obligation, which, to the extent so determined by the Auditor/Controller

pursuant to priority "Fourth" under Section 3.8, will be transferred to the Fiscal Agent for deposit in the Prepayment Account;

(B) proceeds derived from the sale of the Bonds and investment earnings thereon, including the amount transferred pursuant to Section 2(i)(C); and

(C) unless and until so directed by the Board of Supervisors, the sum of \$1,969,124.23 which is currently held by the County under the Indenture. Said moneys may be used to redeem Bonds in accordance with Section 3.9, to finance authorized improvements, or any use permitted under the Indenture, including refunding taxes to a maximum of \$233,545.86 for fiscal year 2010-2011.

Immediately upon receipt of the amount transferred to it by the County pursuant to the foregoing, the Fiscal Agent shall deposit it in the Redemption Account.

At any time before July 7th of any fiscal year, starting in 2012, the Board of Supervisors of the County may direct the Fiscal Agent, by a written instruction from a County Representative, to not make the transfer to the Redemption Account of Remaining Amounts that is otherwise scheduled for July 20<sup>th</sup> of the fiscal year and may, at any time before the transfer is made, direct County officers to not make the transfer that is provided for in Section 2(ii) and that is otherwise scheduled for July 20<sup>th</sup> of that fiscal year. Nothing in this Section 2 of this Second Amendment shall relieve the County of its obligation to transfer moneys in the CFD Fund, as received and as needed, to the Fiscal Agent for deposit in the Special Tax Fund in accordance with priority "First" of Section 3.8 of the Original Indenture.

**Section 3. Original Indenture Not Otherwise Altered.** In all other respects not specified by this Second Amendment, the terms and provisions of the Original Indenture shall remain unaltered and shall remain in full force and effect.

**Section 4. Counterparts.** This Second Amendment may be executed in more than one copy, and any copy, bearing original signatures, may serve as an original counterpart of this Second Amendment.

**Section 5. Effective Date.** This Second Amendment shall be effective as of the date first written above. The County shall take into account the transfers to the Redemption Account provided for in Section 2 when levying the special tax for fiscal year 2011-2012, and for subsequent fiscal years. The County shall deem the amount of \$233,545.86 to have been transferred to the Redemption Account on June 30, 2010, recalculate the taxes for 2010-2011 accordingly, and process

a tax refund in that amount payable out of the Facilities Account of the CFD Fund, but only if the County shall have obtained a final judgment in a validation action declaring that such retroactive application of this Second Amendment is lawful and valid.

COUNTY OF EL DORADO

By \_\_\_\_\_  
Chief Administrative Officer

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Fiscal Agent

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