



County of El Dorado
OFFICE OF AUDITOR-CONTROLLER

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March 10, 2016

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

RE: El Dorado County Community Facilities District No. 2014-1 (Carson Creek)

Dear Board Members:

Recommendation:

The Auditor-Controller recommending the Board adopt (i) Resolution Rescinding Prior Resolution Authorizing the Issuance of Special Tax Bonds and Actions in Connection Therewith for Community Facilities District No. 2014-1 (Carson Creek); and (ii) Resolution Authorizing the Issuance of Special Tax Bonds and Approving and Authorizing Additional Action in Connection Therewith for Community Facilities District No. 2014-1 (Carson Creek).

Reasons for Recommendation:

The Board of Supervisors will recall that the developer of Carson Creek (Lennar) submitted an application to the County to form a Community Facilities District for the Carson Creek project. In accordance with the County's Development Agreement for the Carson Creek Specific Plan Public Facilities Financing Plan, the County is required to assist the Developer in obtaining community facilities district or assessment district financing for infrastructure needed for the Carson Creek subdivision. In connection with the request, on January 27, 2015, the Board, by resolution, formed its Community Facilities District No. 2014-1 (Carson Creek) (the "CFD"). At the same meeting, the Board held a public hearing and conducted a special election in which unanimous approval was given to the levy of a special tax of the CFD and the issuance of bonds for the CFD.

The purpose of the CFD is to fund the construction of certain major infrastructure improvements, and to pay certain impact fees associated with projects of this nature. The CFD is authorized to issue indebtedness in an amount not to exceed \$50,000,000 to finance the authorized improvements and fees.

On April 7, 2015 the Board adopted Resolution No. 044-2015 wherein the Board authorized issuance of bonds for the CFD and approved the form of certain documents and matters related thereto.

Subsequent to adoption of that resolution, the developer indicated that some of the facilities to be financed by the CFD are ultimately to be owned by El Dorado Irrigation District and El Dorado Hills Community

Services District. To use bond proceeds for those improvements the County needs to enter into a joint community facilities agreement with each entity. Under applicable law, those agreements are to be entered into prior to adoption of a resolution to issue bonds.

The Board approved entering into the joint community facilities agreements via its Resolution No. 246-2014 adopted December 16, 2014. The County and the counterparties have now entered into the agreements. By rescinding the issuance resolution adopted April 7, 2015 and readopting a new similar resolution the timing of entering into the agreements prior to the issuance resolution will be facilitated.

The issuance resolution considered here reflects the same wording as the developer April 7, 2015 resolution. The Resolution again approves the issuance of bonds in accordance with a Fiscal Agent Agreement, the form of which is approved by the Resolution. At a future meeting a Bond Purchase Agreement for sale of the Bonds to Stifel, Nicolaus & Company, as underwriter, and a Preliminary Official Statement, in forms to be presented at that meeting, will be subject to Board approval to complete the issuance authorization process. The Preliminary Official Statement is the offering document used by the underwriter to market the bonds.

The Fiscal Agent Agreement is the document that authorizes the terms and conditions for the bonds. It provides that a fiscal agent will receive moneys generated from the special taxes levied in the CFD and use the moneys to pay bondholders. It also provides for the safekeeping of a reserve fund to cover payments should any deficiencies occur because of non-payment of special taxes.

Members of the Board of Supervisors should note that the Special Tax Bonds are not an obligation of the County of El Dorado. The sole source of revenue to pay debt service on the Bonds comes from the special tax levied within the District

Fiscal Impact:

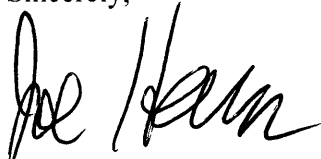
None.

Action to be Taken Following Approval:

Following Board approval:

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

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Harn", is written over a horizontal line.

Joe Harn, CPA
Auditor-Controller