



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

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May 19, 2017

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

RE: Authorize CAO to Execute Contracts with Firms to Issue Series 2017 Bonds in
CFD 2014-1(Carson Creek)

Ladies and Gentlemen:

Recommendation:

The Auditor-Controller recommends that the Board of Supervisors (1) authorize the Auditor-Controller and CAO to negotiate contracts with Jones Hall (Bond and Disclosure Counsel), Stifel, Nicolaus & Company (Underwriter), Seevers Jordan Ziegenmeyer (Appraiser), NBS Government Finance Group (NBS/GFG) (Special Tax Consultant), and other consultants as needed; (2) authorize the CAO to execute all necessary contracts related to the proposed community facilities district financing requested by Lennar Homes of California, Inc. (the "Developer") for a subdivision herein called "Carson Creek" after each agreement has been reviewed by County Counsel and Risk Management; (3) authorize the CAO to execute the Deposit and Reimbursement Agreement between El Dorado County and Lennar Homes of California, Inc. upon final approval by County Counsel and Risk Management; and (4) authorize the CAO and Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to consider Lennar's request to begin the process of issuing the 2017 series of Carson Creek Mello Roos bonds.

Reason for Recommendation:

In accordance with the County's Development Agreement for the Carson Creek Specific Plan, the County is required to assist the Developer in obtaining assessment district financing for the infrastructure needed for this subdivision.

On January 27, 2015, the Board of Supervisors (the "Board") adopted Resolution No. 016-2015, forming Community Facilities District No. 2014-1 (Carson Creek) (the "CFD"). In addition, the Board adopted Resolution No. 017-2017 authorizing the issuance of special tax bonds up to an aggregate principal of \$50 million on behalf of the CFD. In 2016, your Board authorized the sale of the first bond series for \$12,850,000. Of the authorized \$50 million, the CFD has \$37,150.00 of unused bond authorization.

On May 8, 2017, Lennar formally requested that the County issue the second series of Mello-Roos Bonds for Carson Creek. This second series would be at an amount not-to-exceed \$37,150,000. The actual amount of bonds sold would depend on the estimated lien to value ratio and other factors.

In the event that bonds are eventually sold by the County, the debt service payments will be exclusively the responsibility of the property owners in the CFD. The only foreseeable circumstance that would make the County partially responsible for debt service payments or damages to bond investors would be if an error or omission is made by the County in the formation of the district, in the preparation of the offering statement, in the ongoing SEC required disclosures, or in the administration of the CFD.

In order to issue bonds, an offering statement, in addition to many other legal documents, will have to be prepared. In order to proceed with these tasks, the County must contract with a bond and disclosure counsel, a bond underwriter, an appraiser, and a special tax consultant. The County has used and are using the consultants identified in the recommendation above in prior CFD formations and financing. These consultants have the experience needed to perform these specialized services.

These firms will provide “special services” as described in section 3.12.230 of the County’s Purchasing Ordinance and section 31000 of the Government Code, and accordingly, are exempt from any formal competitive procurement requirements.

In addition to contracting with the consultants, the first step in processing this Developer’s request is to contract with the consultants identified above and authorize an amended Deposit and Reimbursement Agreement between the County and the Developer. This amended Deposit and Reimbursement Agreement authorizes the County to require additional funds from Lennar to cover costs through these proceedings, as needed.

Actions to be Taken by the Board:

(1) Authorize the Auditor-Controller and CAO to negotiate contracts with Jones Hall (Bond and Disclosure Counsel), Stifel, Nicolaus & Company (Underwriter), Seevers Jordan Ziegenmeyer (Appraiser), NBS Government Finance Group (NBS/GFG) (Special Tax Consultant), and other consultants as needed.

(2) Authorize the CAO to execute all necessary contracts related to the proposed community facilities financing requested by Lennar Homes of California, Inc. (the “Developer”) for a subdivision herein called “Carson Creek” after each agreement has been reviewed by County Counsel and Risk Management;

(3) Authorize the CAO to execute the amended Deposit and Reimbursement Agreement between El Dorado County and Lennar Homes of California, Inc. upon final approval by County Counsel and Risk Management; and

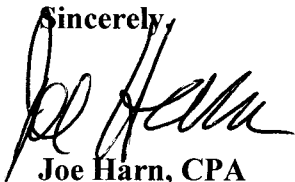
(4) Authorize the CAO and Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to consider Lennar's request to begin the process of issuing the 2017 series of Carson Creek Mello Roos bonds.

Fiscal Impact:

This item will have no impact on the County General Fund. The contracts with underwriter and bond counsel will be contingent fee agreements. There will be no net cost to the County unless the bonds are funded, in which case the costs will be paid out of the proceeds from the bond sale. The cost of the pricing consultant and special tax consultant will be advanced by the Developer.

In the event when bonds are eventually sold by the County, the debt service payments will be exclusively the responsibility of the property owners in the proposed CFD. The only foreseeable circumstance that would make the County partially responsible for debt service payments or damages to bond investors would be if an error or omission is made by the County in the formation of the district, in the preparation of the offering statement, in the ongoing SEC required disclosures, or in the administration of the CFD.

Sincerely,



**Joe Harn, CPA
Auditor-Controller**



**cc: Don Ashton, CAO
C.L Raffety, Treasurer-Tax Collector**