



Legislation Text

File #: 17-0827, **Version:** 1

Auditor-Controller recommending the Board authorize:

- 1) Auditor-Controller to negotiate and execute all necessary contracts related to the proposed community facilities district formation and financing requested by Lennar Winncrest, LLC (the "Developer") for certain subdivisions herein called "Bass Lake Hills area" after each agreement has been approved by County Counsel and Risk Management; specifically, Jones Hall (Bond and Disclosure Counsel), Stifel, Nicolaus & Company (Underwriter), Seevers Jordan Ziegenmeyer (Appraiser), and NBS Government Finance Group (NBS/GFG) (Special Tax Consultant); and other consultants, as needed;
- 2) Authorize the Auditor-Controller to execute the Deposit and Reimbursement Agreement between El Dorado County and the Developer upon final approval by County Counsel and Risk Management; and
- 3) Authorize the Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to consider the Developer's request to begin the proceedings of forming and financing a new Mello Roos District.

DEPARTMENT RECOMMENDATION

The Auditor-Controller and Chief Administrative Officer recommend that the Board of Supervisors authorize (1) the Auditor-Controller to negotiate and execute all necessary contracts related to the proposed community facilities district formation and financing requested by Lennar Winncrest, LLC (the "Developer") for certain subdivisions herein called "Bass Lake Hills area" after each agreement has been approved by County Counsel and Risk Management; specifically, Jones Hall (Bond and Disclosure Counsel), Stifel, Nicolaus & Company (Underwriter), Seevers Jordan Ziegenmeyer (Appraiser), and NBS Government Finance Group (NBS/GFG) (Special Tax Consultant); and other consultants, as needed. (2) Authorize the Auditor-Controller to execute the Deposit and Reimbursement Agreement between El Dorado County and the Developer upon final approval by County Counsel and Risk Management; and (3) authorize the Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to consider the Developer's request to begin the proceedings of forming and financing a new Mello Roos District.

DISCUSSION / BACKGROUND

The Developer has requested that the County consider the formation of Bass Lake Hills Community Facilities District (CFD), and possible issuance of Mello Roos Bonds. In accordance with the Development Agreement between the County and the Developer that was approved in 1996, the County is required to assist the Developer in obtaining community facilities district or assessment district financing for infrastructure needed for the Bass Lake Hills area.

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 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.

In order to form a district and issue bonds an offering statement, in addition to many other legal documents, will have to be prepared. The actual amount of bonds sold would depend on the lien to value ratio calculated by the consultants and approved by the County. In order to proceed with these tasks, the County must contract with a bond and disclosure counsel, a bond underwriter, and a special tax consultant. The County has used and are using the consultants identified in the recommendation above in current and 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 the Deposit and Reimbursement Agreement between the County and the Developer. Pursuant to the Deposit and Reimbursement Agreement the County will receive advances from the Developer to pay third party invoices from consultants retained by the County to assist in the issuance of bonds.

ALTERNATIVES

N/A

OTHER DEPARTMENT / AGENCY INVOLVEMENT

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CAO RECOMMENDATION

Approve as recommended.

FINANCIAL 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 cost to the County unless the bonds are refunded, 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 who would then be reimbursed with proceeds from the bond sale.

CLERK OF THE BOARD FOLLOW UP ACTION

N/A

STRATEGIC PLAN COMPONENT

CONTACT

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