



Legislation Details (With Text)

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File created: 4/7/2023 **In control:** Board of Supervisors

On agenda: 5/16/2023 **Final action:** 5/16/2023

Title: Auditor-Controller recommending the Board:
1) Authorize the Auditor-Controller to negotiate and execute all necessary contracts related to the proposed community facilities district formation and financing requested by Lennar Corporation (the "Developer") for certain subdivisions herein called "Carson Creek II" after each agreement has been approved by County Counsel and Risk Management; specifically, Jones Hall (Bond and Disclosure Counsel); Stifel, Nicolaus & Company (Underwriter); 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.

FUNDING: Bond sale proceeds.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - CarCrk Consultant Ltr_signed

Date	Ver.	Action By	Action	Result
5/16/2023	1	Board of Supervisors	Approved	Pass

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DISCUSSION / BACKGROUND

In accordance with the Heritage Carson Creek Village II Development Agreement (DA) adopted by the El Dorado County Board of Supervisors on August 10, 2021, the County is required to assist the

Developer in obtaining community facilities district (CFD) financing for infrastructure needed for the Carson Creek subdivision. Further, the DA requires the Developer to establish a special tax on each lot in the subdivision for ambulance services and an estimated general fund shortfall of \$286 per lot. The County has received a request to consider the formation of Carson Creek II Community Facilities District, along with possible issuance of Mello Roos Bonds.

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, a special tax consultant, an appraiser, along with other specialized consultants. The County has used the consultants identified in the recommendation above in prior CFD formations and financing. These consultants have the experience needed to perform these specialized services.

The services provided by consultants for the Developer's request will provide efficiency and critical knowledge, and other providers of the goods/services cannot provide similar efficiencies or critical knowledge. These services are not to be in excess of \$100,000, and therefore in accordance with the County's Procurement Policy Section 3.4 are exempt from the competitive bidding process.

In addition to contracting with the consultants, the first step in processing this Developer's request is to authorize the Deposit and Reimbursement Agreement between the County and the Developer. Pursuant to the Deposit and Reimbursement Agreement, the County will receive advance funding from the Developer to pay the consultants' invoices retained by the County to assist in the issuance of bonds.

ALTERNATIVES

N/A

PRIOR BOARD ACTION

N/A

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION / COMMENTS

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 ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Infrastructure, Healthy Communities

CONTACT

Joe Harn