PRELIMINARY OFFICIAL STATEMENT DATED MAY 29, 2019

NEW ISSUE - FULL BOOK-ENTRY

RATINGS: Moody's: "__"
Standard & Poor's: "__"
See "RATINGS" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$80,000,000*
LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
General Obligation Bonds
2008 Election, Series D

***Dated*: Date of Delivery** ***Due*: August 1, as shown on inside cover**

Cover Page. This cover page contains information for quick reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

Authority and Purpose. The captioned General Obligation Bonds (the "Bonds") are being issued by the Los Rios Community College District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on April 10, 2019 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on November 4, 2008. See "THE BONDS – Authority for Issuance" and "THE FINANCING PLAN.".

Security. The Bonds are general obligations of the District. The Board of Supervisors of Sacramento County, being the county in which the majority of District property is located, as well as the Board of Supervisors of each adjoining county in which portions of the District are located as more particularly described herein (collectively, the "Counties") have the power and are obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. The District has other series of general obligation bonds outstanding which are similarly secured by tax levies. See "SECURITY FOR THE BONDS."

Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds, and will decide prior to the sale of the Bonds whether to purchase such insurance.

Payments. Interest on the Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020, by check, draft or wire mailed to the person in whose name the Bond is registered. Payments of principal and interest on the Bonds will be paid by the County of Sacramento, Director of Finance, Sacramento, California, as Paying Agent for the Bonds (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS - Redemption."

Book-Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "APPENDIX F – Book-Entry-Only System."

MATURITY SCHEDULES
(See inside front cover)

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Dannis Woliver Kelley, Long Beach, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about June 26, 2019.

RBC Capital Markets

The date of this Official Statement is ______ __, 2019.

**Preliminary; subject to change.*

MATURITY SCHEDULE

LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
General Obligation Bonds
2008 Election, Series D

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.*

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Original Underwriters.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The following statement has been included in this Official Statement on behalf of the Underwriter of the Bonds: The Underwriter have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriters may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

LOS RIOS COMMUNITY COLLEGE DISTRICT
SACRAMENTO COUNTY*, CALIFORNIA

DISTRICT ADMINISTRATIVE STAFF

Dr. Brian King, *Chancellor*
Theresa Matista, *Deputy Chancellor, Finance and Administration*
Mario Rodriguez, *Associate Vice Chancellor, Finance*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Dale Scott & Company, Inc.
San Francisco, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

Director of Finance, County of Sacramento
Sacramento, California

**Seventy-eight percent of the District's fiscal year 2018-19 assessed valuation is located in Sacramento County. The boundaries of the District also include property located in El Dorado, Yolo, Placer and Solano Counties. See "PROPERTY TAXATION - Assessed Valuations" herein.*

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$80,000,000*
LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
General Obligation Bonds
2008 Election, Series D

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale and delivery of the general obligation bonds captioned above (the **"Bonds"**).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The District commenced operations as a community college district on July 1, 1965. The District is a public, multi-campus community college district serving the greater Sacramento region which has a population of over 2 million residents. The District provides higher education instruction for the first and second years of college, as well as vocational training, at four campuses: American River College, Cosumnes River College, Folsom Lake College and Sacramento City College. The District also operates six additional educational centers which operate within its boundaries. The District's service area includes approximately 2,400 square miles, including all of Sacramento County (78.43% of the District's fiscal year 2018-19 assessed valuation is located in Sacramento County) and portions of El Dorado, Yolo, Solano and Placer counties (each, a "**County**"; collectively, the "**Counties**"). The District's total assessed value in fiscal year 2018-19 is over $195 billion. *For more information regarding the District and its finances, see Appendix A and Appendix B attached hereto. See also Appendix C hereto for demographic and other information regarding the Counties of Sacramento, El Dorado and Yolo.*

Sources of Payment for the Bonds

The Bonds are general obligation bonds of the District payable from *ad valorem* taxes. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS" and "PROPERTY TAXATION."

Bond Insurance

The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds. The District will make a determination as to whether to obtain such insurance for some or all maturities of the Bonds, at the time of sale of the Bonds.

**Preliminary; subject to change.*

Purpose of the Issue

The net proceeds of the Bonds will be used to finance construction and improvements to District facilities, as approved by the voters at elections held in the District on November 4, 2008 (the **"Bond Election"**). See "THE FINANCING PLAN" herein.

Authority for Issuance

The Bonds will be issued pursuant to the authority of the Bond Election and certain provisions of the Government Code of the State, commencing with Section 53506 thereof (the **"Bond Law"**), and pursuant to a resolution adopted by the Board of Trustees of the District on April 10, 2019 (the **"Bond Resolution"**). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds

Generally. The Bonds are issued as current interest bonds which mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS – Description of the Bonds," "– Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

Redemption. The Bonds are subject to optional redemption prior to maturity as described herein. The Bonds may be subject to mandatory sinking fund redemption. See discussion of redemption features under the heading "THE BONDS" herein.

Legal Matters

Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel (**"Bond Counsel"**), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as disclosure counsel to the District (**"Disclosure Counsel"**). See "APPENDIX D – Form of Opinions of Bond Counsel."

Tax Matters

In the opinion of Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" and Appendix D hereto.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued and received by the Underwriter, subject to approval as to the legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about June 26, 2019.

Continuing Disclosure

The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See also "CONTINUING DISCLOSURE" herein.

Other Information

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District Chancellor, Los Rios Community College District, 1919 Spanos Court, Sacramento, California 95825; phone (916) 568-3021. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

END OF INTRODUCTION

THE FINANCING PLAN

The proceeds of bonds issued pursuant to the Authorization will be used to finance projects approved by the District's voters at the Bond Election. The abbreviated summary of the ballot measure (limited to 75 words or less) is as follows:

> *"Shall the Los Rios Community College District be authorized to issue $475,000,000 million in bonds at the lowest available interest rates to improve student academic performance by building classrooms, facilities and labs throughout the district including for teaching green technologies; nursing and health care programs; architecture, engineering and construction management; computer sciences; early childhood development; and fire and police public safety programs at the American River, Cosumnes River, El Dorado, Folsom, and Sacramento City College campuses?"*

As part of the ballot materials presented to District voters at the Bond Election, the voters authorized a list of projects (the **"Project List"**) eligible to be funded with proceeds of bonds sold pursuant to the Authorization, including the Bonds described herein. The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the Authorization will provide sufficient funds to complete any particular project listed in the Project List. The District has previously issued three series of bonds pursuant to the Authorization in the combined aggregate principal amount of $255,000,000, leaving $220,000,000 of unissued bonds under the Authorization, prior to the issuance of the Bonds described herein.

See "DEBT SERVICE SCHEDULES" herein for the debt service due with respect to the Bonds and other outstanding bonded indebtedness of the District.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

LOS RIOS COMMUNITY COLLEGE DISTRICT
Sources and Uses of Funds

Sources of Funds	
Principal Amount of Bonds	
Net Original Issue Premium	
Total Sources	
Uses of Funds	
Deposit to Building Fund	
Debt Service Fund	
Costs of Issuance[(1)]	
Total Uses	

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, Financial Advisor, Paying Agent, insurance premium (if any) and the rating agencies.

See also "APPLICATION OF PROCEEDS OF THE BONDS" herein.

THE BONDS

Authority for Issuance

The Bonds will be issued pursuant to the authority of the Bond Election, the Bond Law and the Bond Resolution.

Purpose of Issue

The Bonds are being issued by the District to provide funds to finance the school projects summarized herein under the heading "THE FINANCING PLAN," and related costs of issuance.

Paying Agent

The Director of Finance, County of Sacramento, Sacramento, California, will act as the registrar, transfer agent, and paying agent for the Bonds (the **"Paying Agent"**). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice.

The Paying Agent, the District and the County have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

Description of the Bonds

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company ("**DTC**"). Purchasers will not receive physical certificates representing their interest in the Bonds. See "Book-Entry Only System" below and "APPENDIX F – Book-Entry Only System."

Interest on the Bonds accrues from the date of original delivery (the **"Dated Date"**) and is payable semiannually on February 1 and August 1 of each year (each, an "**Interest Payment Date**") commencing February 1, 2020. Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month preceding such Interest Payment Date (each, a "**Record Date**"), in which event it shall bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to January 15, 2020, in which event it will bear interest from the date of original delivery; *provided, however*, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds, including the final interest payment upon maturity, is payable by check, draft or wire of the Paying Agent mailed on the Interest Payment Date by first-class mail to the Owner thereof at such Owner's address as it appears on the bond register maintained by the Paying Agent at the close of business on the preceding Record Date, or at such other address as the Owner may have filed with the Paying Agent for that purpose, or upon written request filed with the Paying Agent as of the Record Date by an Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer.

The Bonds will be issued in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereof.

Book-Entry-Only System

The Bonds will be issued in fully registered form only and, when initially issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive physical certificates representing their beneficial ownership interests in the Bonds purchased. Payments of principal and interest on the Bonds will be paid by the Trustee to DTC, which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "APPENDIX F – Book-Entry Only System" herein.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2027, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after August 1, 2028, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2027, and on any date thereafter, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__ (the "Term Bonds"), are subject to mandatory sinking fund redemption in part by lot, on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Bonds to be redeemed, plus accrued but unpaid interest, without premium.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

If some but not all of the Term Bonds have been redeemed pursuant to the optional redemption provisions described above, the aggregate principal amount of Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be reduced on a pro rata basis in integral multiples of $5,000, or on such other basis as designated pursuant to written notice filed by the District with the Paying Agent.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption by lot within a maturity. Redemption by lot shall be in such a manner as the Paying Agent may determine; provided, however, that the portion of any Bond to be redeemed in part will be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Bonds, at the expense of the District, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books maintained by the Paying Agent. Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the Office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of the same series, tenor and maturity and of authorized denominations equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Right to Rescind Notice of Optional Redemption

The District has the right to rescind any notice of the optional redemption of the Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution relating to the Bonds.

Registration, Transfer and Exchange of Bonds

If the book entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

Bonds may be exchanged for Bonds of the same series, tenor, maturity and principal amount upon presentation and surrender at the principal corporate trust office of the Paying Agent in Sacramento, California. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

Defeasance

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under such Bond Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the Principal Amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in such Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the Principal Amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

As defined in the respective Bond Resolution, the term **"Federal Securities"** means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

APPLICATION OF PROCEEDS OF THE BONDS

Building Fund for the Bonds

Pursuant to the Bond Resolution authorizing the issuance of the Bonds, the net proceeds from the sale of the Bonds will be paid and credited to a fund established and held by the County of Sacramento and designated as the “Los Rios Community College District, 2008 Election, Series D Building Fund” (the “**Building Fund**”).

Amounts credited to the Building Fund will be expended by the District for the purpose of financing any of the projects for which the Bond proceeds are authorized to be expended under the ballot measure which was approved under Measure M, including all incidental expenses and related costs of issuance. All interest and other gain arising from the investment of proceeds of the Bonds will be retained in the Building Fund and used for the purposes thereof. All moneys held in the Building Fund will be invested in accordance with the investment policies of the County, as such policies exist at the time of investment. Pursuant to the Bond Resolution relating to the Bonds and applicable provisions of the Education Code, a portion of the proceeds of the Bonds may be deposited with a fiscal agent for the purpose of paying costs of issuance. See also “APPENDIX G - SACRAMENTO COUNTY INVESTMENT POLICY AND INVESTMENT REPORT” herein.

Debt Service Fund

Pursuant to the Bond Resolution, the amount of premium, if any, received by the County from the sale of the Bonds, will be deposited and kept separate and apart in the fund established and held by the Director of Finance of the County of Sacramento and designated as the “Los Rios Community College District 2008 Election, Series D General Obligation Bonds Debt Service Fund” (the **“Debt Service Fund”**), which is pledged for the payment of the principal of and interest on the Bonds when and as the same become due. All taxes levied by the Counties for the payment of the principal of and interest on the Bonds will be deposited in the Debt Service Fund by promptly upon apportionment of said levy.

Any moneys remaining in a Debt Service Fund after the Bonds and the interest thereon have been paid, shall be transferred to any other interest and sinking fund or account for general obligation bond indebtedness of the District, including refunding bonds, and in the event there is no such debt outstanding, shall be transferred to the District’s general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Bonds

All moneys held in any of the funds or accounts established with the County of Sacramento under the Bond Resolution will be invested in Authorized Investments (as defined in the Bond Resolution) in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Bond Resolution will be deposited in the fund or account from which such investment was made, and will be expended for the purposes thereof.

In accordance with Government Code Section 53600 *et seq*., the Sacramento County Treasurer (the "**County Treasurer**") manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See "APPENDIX G - SACRAMENTO COUNTY INVESTMENT POLICY AND INVESTMENT REPORT."

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the Counties. The Counties are empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest on the Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Bonds Payable from Ad Valorem Property Taxes. The District has previously issued other general obligation bonds, which are payable from *ad valorem* taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Direct and Overlapping Debt" below.

Levy and Collection. The Counties will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the County of Sacramento and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

District property taxes are assessed and collected by the Counties in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property. See also "-Teeter Plan; Property Tax Collections" below.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the Counties to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, fire, earthquake, flood or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

Debt Service Fund

As described under the heading "APPLICATION OF PROCEEDS OF THE BONDS - Debt Service Fund," the Director of Finance of the County of Sacramento will establish the Debt Service Fund as a separate fund to be maintained distinct from all other funds of Sacramento County. All taxes levied by the Counties for the payment of the principal of and interest on the Bonds will be deposited in the Debt Service Fund by Sacramento County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest on the Bonds for which it was established when and as the same become due. The District will cause the transfer of amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund established for such Bonds, the District shall transfer such amounts to its General Fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not an Obligation of the Counties

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the Counties, for the payment of principal and interest on the Bonds. Although the Counties are obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the Counties.

DEBT SERVICE SCHEDULES

Debt Service for the Bonds. The following table shows the debt service schedule with respect to the Bonds, assuming no optional redemptions.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Bonds Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
Total			

Combined General Obligation Bonds Debt Service. The following table shows the combined debt service schedule with respect to all outstanding general obligation bonds of the District, together with the Bonds, assuming no optional redemptions. See also "APPENDIX B - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT - DISTRICT FINANCIAL INFORMATION - Indebtedness of the District."

LOS RIOS COMMUNITY COLLEGE DISTRICT
Combined Debt Service Schedule

Period Ending (Aug. 1)	Outstanding Bonds Aggregate Annual Debt Service	Bonds Annual Debt Service	Aggregate Annual Debt Service
2019	$37,889,375.00		
2020	35,907,875.00		
2021	37,353,850.00		
2022	38,828,450.00		
2023	40,137,250.00		
2024	35,791,600.00		
2025	37,340,000.00		
2026	38,017,150.00		
2027	33,538,050.00		
2028	32,335,750.00		
2029	28,729,250.00		
2030	29,178,587.50		
2031	25,251,025.00		
2032	26,150,525.00		
2033	18,963,825.00		
2034	19,407,650.00		
2035	20,065,050.00		
2036	5,842,750.00		
2037	5,873,875.00		
2038	5,994,375.00		
2039	--		
2040	--		
2041	--		
2042	--		
2043	--		
2044	--		
TOTAL	$552,596,262.50		

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing (1) state assessed public utilities’ property and (2) property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Counties.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuations

Historic Assessed Valuations. The assessed valuation of property in the District is established by the County Assessors, except for public utility property which is assessed by the State Board of Equalization, as described above. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see Appendix B under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, Colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

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The following table sets forth a recent history of the total assessed value in the District.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 1998-99 to 2018-19

Fiscal Year	Total District Assessed Valuation	Annual % Change
1998-99	$65,789,548,817	--
1999-00	69,925,152,927	6.3%
2000-01	75,575,857,134	8.1
2001-02	82,025,940,419	8.5
2002-03	90,450,990,841	10.3
2003-04	99,036,845,696	9.5
2004-05	111,002,046,502	12.1
2005-06	127,136,612,507	14.5
2006-07	146,073,098,133	14.9
2007-08	159,072,744,969	8.9
2008-09	162,099,904,433	1.9
2009-10	152,635,441,060	(5.8)
2010-11	148,772,252,362	(2.5)
2011-12	144,543,110,465	(2.8)
2012-13	141,501,079,781	(2.1)
2013-14	147,391,985,921	4.2
2014-15	156,423,111,776	6.1
2015-16	163,898,770,566	4.8
2016-17	172,786,786,876	5.4
2017-18	183,348,159,670	6.1
2018-19	195,607,823,849	6.7

Source: California Municipal Statistics, Inc.

See the tables in the next section for the assessed valuation of the District by county and by jurisdiction.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, property reclassifications, and man-made or natural disasters such as earthquakes, fires, floods and droughts. Notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, numerous wildfires in different regions of the State, including in the vicinity of the District, and flooding and mudslides. In addition, the District is located in a seismically active region. The District cannot predict or make any representations regarding the effects that any natural or manmade disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Assessed Valuation by County. Shown below is information regarding the 2018-19 assessed valuation in the District, by the five Counties in which portions of the District are located. As shown, over 78 percent of the District's assessed valuation is in Sacramento County, with under one percent of assessed valuation in Placer and Solano Counties.

LOS RIOS COMMUNITY COLLEGE DISTRICT
2018-19 Assessed Valuation by County

	Local Secured	Utility	Unsecured	Total	% of Total
Sacramento County	$147,536,039,706	$29,266,062	$5,856,973,841	$153,422,279,609	78.43%
El Dorado County	24,392,725,654	1,950,514	460,674,177	24,855,350,345	12.71
Yolo County	16,383,123,553	3,859,365	820,773,326	17,207,756,244	8.80
Placer County	92,492,880	0	189,560	92,682,440	0.05
Solano County	29,559,172	0	196,039	29,755,211	0.02
Total District	$188,433,940,965	$35,075,941	$7,138,806,943	$195,607,823,849	100.00%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction. Shown below is the 2018-19 assessed valuation in the District by the different jurisdictions located within the District.

LOS RIOS COMMUNITY COLLEGE DISTRICT
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Citrus Heights	$ 7,028,772,091	3.59%	$7,028,772,091	100.00%
City of Davis	8,585,541,575	4.39	$8,585,541,575	100.00%
City of Elk Grove	20,190,098,062	10.32	$20,190,098,062	100.00%
City of Folsom	13,800,122,148	7.05	$13,800,122,148	100.00%
City of Placerville	1,129,867,964	0.58	$1,129,867,964	100.00%
City of Rancho Cordova	8,658,811,202	4.43	$8,658,811,202	100.00%
City of Sacramento	50,797,052,535	25.97	$50,797,052,535	100.00%
City of West Sacramento	7,130,020,432	3.65	$7,130,020,432	100.00%
Unincorporated El Dorado County	23,725,482,381	12.13	$27,359,516,517	86.72%
Unincorporated Placer County	92,682,440	0.05	$32,027,114,911	0.29%
Unincorporated Sacramento County	52,947,423,571	27.07	$58,456,133,790	90.58%
Unincorporated Solano County	29,755,211	0.02	$5,200,561,663	0.57%
Unincorporated Yolo County	1,492,194,237	0.76	$5,042,413,282	29.59%
Total	195,607,823,849	100.00%		
Summary by County:				
El Dorado County	$ 24,855,350,345	12.71%	$33,372,428,240	74.48%
Placer County	92,682,440	0.05	$75,858,562,500	0.12%
Sacramento County	153,422,279,609	78.43	$161,119,543,526	95.22%
Solano County	29,755,211	0.02	$55,043,710,602	0.05%
Yolo County	17,207,756,244	8.80	$27,410,572,296	62.78%
Total	$195,607,823,849	100.00%		

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District on the fiscal year 2018-19 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

LOS RIOS COMMUNITY COLLEGE DISTRICT
2018-19 Assessed Valuation and Parcels by Land Use

Non-Residential:	**2018-19 Assessed Valuation(1)**	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural/Rural	$ 954,391,760	0.51%	1,926	0.36%
Commercial/Office Buildings	26,924,427,428	14.29	12,115	2.27
Vacant Commercial	1,043,682,422	0.55	2,819	0.53
Industrial1	16,221,853,753	8.61	6,917	1.30
Vacant Industrial	1,271,865,426	0.67	3,338	0.63
Recreational	1,035,066,868	0.55	762	0.14
Government/Social/Institutional	490,589,665	0.26	9,834	1.85
Miscellaneous	45,512,976	0.02	5,209	0.98
Subtotal Non-Residential	$47,987,390,298	25.47%	42,920	8.06%
Residential:				
Single Family Residence	$121,146,132,446	64.29%	421,045	79.05%
Condominium/Townhouse	2,008,335,914	1.07	13,981	2.62
Mobile Home	384,570,215	0.20	6,287	1.18
Mobile Home Park	253,809,611	0.13	115	0.02
2-4 Residential Units	3,318,358,981	1.76	18,924	3.55
5+ Residential Units/Apartments	9,697,494,769	5.15	3,365	0.63
Miscellaneous Residential Improvements	493,664,600	0.26	3,229	0.61
Vacant Residential	3,144,184,131	1.67	22,789	4.28
Subtotal Residential	$140,446,550,667	74.53%	489,735	91.94%
Total	$188,433,940,965	100.00%	532,655	100.00%

(1) Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Per Parcel Assessed Valuation of Single-Family Homes

The following table shows the assessed valuation of single-family homes in the District for fiscal year 2018-19.

LOS RIOS COMMUNITY COLLEGE DISTRICT
2018-19 Per Parcel Assessed Valuation of Single Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	421,045	$121,146,132,446	$287,727	$250,000

2018-19 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	1,080	0.257%	0.257%	$ 18,627,435	0.015%	0.015%
$25,000 - $49,999	9,771	2.321	2.577	397,844,569	0.328	0.344
$50,000 - $74,999	18,121	4.304	6.881	1,139,158,822	0.940	1.284
$75,000 - $99,999	20,670	4.909	11.790	1,810,178,346	1.494	2.778
$100,000 - $124,999	23,859	5.667	17.457	2,692,638,891	2.223	5.001
$125,000 - $149,999	26,546	6.305	23.762	3,657,670,946	3.019	8.020
$150,000 - $174,999	28,207	6.699	30.461	4,584,856,109	3.785	11.805
$175,000 - $199,999	28,112	6.677	37.138	5,267,057,507	4.348	16.152
$200,000 - $224,999	26,875	6.383	43.521	5,704,129,556	4.708	20.861
$225,000 - $249,999	27,109	6.439	49.959	6,441,458,570	5.317	26.178
$250,000 - $274,999	24,733	5.874	55.833	6,488,606,927	5.356	31.534
$275,000 - $299,999	23,126	5.493	61.326	6,640,140,484	5.481	37.015
$300,000 - $324,999	21,584	5.126	66.452	6,737,741,245	5.562	42.577
$325,000 - $349,999	19,340	4.593	71.045	6,522,082,443	5.384	47.960
$350,000 - $374,999	17,463	4.148	75.193	6,323,999,341	5.220	53.181
$375,000 - $399,999	15,327	3.640	78.833	5,932,967,741	4.897	58.078
$400,000 - $424,999	13,101	3.112	81.945	5,400,454,170	4.458	62.536
$425,000 - $449,999	11,743	2.789	84.734	5,132,948,799	4.237	66.773
$450,000 - $474,999	9,907	2.353	87.087	4,577,788,624	3.779	70.551
$475,000 - $499,999	8,418	1.999	89.086	4,100,577,975	3.385	73.936
$500,000 and greater	45,953	10.914	100.000	31,575,203,946	26.064	100.000
Total	421,045	100.000%		$121,146,132,446	100.000%	

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" in Appendix B.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by a County Assessor.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" in Appendix B.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

Tax Rates

Contained within the District's boundaries are numerous overlapping local agencies. The following tables present a total tax rate for typical property owners within the District, in each of the five Counties, for the last five fiscal years.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Typical Total Tax Rate (1)

Sacramento County Portion (TRA 3-005)

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Sacramento Unified School District	.0113	.0091	.1277	.1235	.0131
Los Rios Community College District	.1212	.1335	.0141	.0130	.1164
Total	$1.1325	$1.1426	$1.1418	$1.1365	$1.1295

El Dorado County Portion (TRA 54-135)

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Buckeye Union School District	.0271	.0255	.0207	.0205	.0196
El Dorado Union High School District	.0199	.0196	.0183	.0164	.0147
Los Rios Community College District	.0113	.0091	.0141	.0130	.0131
Total	$1.0583	$1.0542	$1.0531	$1.0499	$1.0474
El Dorado Irrigation District (Land Only)	.0102	.0093	.0089	.0038	.0000

Yolo County Portion (TRA 4-039)

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Washington Unified School District	.0695	.1083	.1082	.1038	.0920
Los Rios Community College District	.0113	.0091	.0141	.0130	.0131
Total	$1.0808	$1.1174	$1.1223	$1.1168	$1.1051

Placer County Portion (TRA 67-004)

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Elverta Joint Unified School District	.0348	.0044	.0344	.0207	.0252
Twin Rivers Unified School District	.0950	.0622	.1014	.0867	.0816
Los Rios Community College District	.0113	.0091	.0141	.0130	.0131
Total	$1.1411	$1.0757	$1.1499	$1.1204	$1.1199

Solano County Portion (TRA 62-000)

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Davis Joint Unified School District	.0200	.0200	.0192	.0170	.0160
Solano County Flood Control District	.0200	.0200	.0200	.0200	.0200
Los Rios Community College District	.0113	.0091	.0141	.0130	.0131
Total	$1.0513	$1.0491	$1.0533	$1.0500	$1.0491

(1) Per $100 of assessed valuation.
Source: California Municipal Statistics, Inc.

Teeter Plan; Property Tax Collections

The Boards of Supervisors of the Counties have adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in a County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. However, as a result of such participation, it is not entitled to delinquency penalties or interest.

Each of the Counties include in its Teeter Plan the one percent general fund apportionment, and the District participates in each of the Teeter Plans with respect to its share of the one percent general fund apportionment. Sacramento County, Yolo County and Solano County include the District's *ad valorem* tax levies in its Teeter Plan as well. Placer County and El Dorado County do not include the District's *ad valorem* levies for general obligation bonds in its Teeter Plans, so the District is subject to delinquencies in those Counties, and entitled to penalties and interest.

Under the statute creating the Teeter Plan, a Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to an entire County and, in addition, a Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that a Teeter Plan were terminated, the receipt of the levy of *ad valorem* property taxes in the District would depend upon actual collections with respect to the portions of the District within that County.

The following table shows a history of secured tax charges and delinquencies in the portion of the District located in Sacramento County.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies
(Sacramento County Portion of the District)

Fiscal Year	Secured Tax Charge(1)	Amount Delinquent June 30	% Delinquent June 30
2005-06	$3,073,755	$68,096	2.22%
2006-07	8,006,287	297,387	3.71
2007-08	7,895,817	366,727	4.64
2008-09	8,934,394	336,685	3.77
2009-10	13,828,588	382,536	2.77
2010-11	9,850,702	222,466	2.26
2011-12	20,272,816	345,403	1.70
2012-13	19,827,084	265,911	1.34
2013-14	19,715,669	230,323	1.17
2014-15	13,109,867	136,067	1.04
2015-16	11,040,726	93,884	0.85
2016-17	18,033,065	142,327	0.79
017-18	17,766,340	143,133	0.81

(1) Debt service levy <u>only</u> for the Sacramento County portion of the District's debt service levy (the Sacramento portion of District assessed valuation representing 78% of total District assessed valuation). The District issued its first general obligation bonds in August 2002. See "Assessed Valuation" below for more information about the relative contribution of the counties of Sacramento, El Dorado, Yolo, Placer and Solano to the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

Top Twenty Property Taxpayers

The top twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2018-19 tax roll, and the assessed valuations thereof, are shown below.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater amount of tax collections is exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Top Twenty 2018-19 Local Secured Taxpayers

	Property Owner	2018-19 Primary Land Use	Assessed Valuation	% of Total (1)
1.	Intel Corporation	Office Building	$ 760,283,855	0.40%
2.	BRE Delta Industrial Sacramento LP	Industrial	438,333,637	0.23
3.	City of Sacramento & The Sacramento Kings	Sports Arena	411,410,587	0.22
4.	Oakmont Properties	Apartments	357,102,620	0.19
5.	Ethan Conrad	Office Building	277,266,214	0.15
6.	SG Downtown LLC	Hotel	254,218,896	0.13
7.	Donahue Schriber Realty Group LP	Shopping Center	253,136,191	0.13
8.	Target Corporation	Commercial Stores	232,616,694	0.12
9.	Wal Mart Real Estate Business Trust	Commercial Stores	222,954,544	0.12
10.	Pac West Office Equities LP	Office Building	216,868,660	0.12
11.	GPT Props Trust	Office Building	197,648,029	0.10
12.	Harsch Investment Properties LLC	Industrial	189,195,625	0.10
13.	MP Holdings LLC	Office Building	180,412,352	0.10
14.	400 Capitol Mall Owner LP	Office Building	179,142,600	0.10
15.	Aerojet General Corp.	Industrial	178,093,271	0.09
16.	Apple Computer Inc.	Industrial	168,957,611	0.09
17.	Arden Fair Associates	Shopping Center	147,235,119	0.08
18.	Home Depot USA Inc.	Commercial Stores	143,805,382	0.08
19.	Ragingwire Data Centers Inc.	Industrial	143,789,595	0.08
20.	500 Capitol Mall LLC	Office Building	141,720,892	0.08
			$5,094,192,374	2.70%

(1) 2018-19 local secured assessed valuation: $188,433,989,815.
Source: California Municipal Statistics, Inc

Direct and Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and dated March 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of March 1, 2019

2018-19 Assessed Valuation: $195,607,823,849

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/1/19
Los Rios Community College District	**100.000%**	**$ 396,190,000** (1)
Folsom-Cordova Unified School District School Facilities Improvement Districts	100.000	375,224,397
Elk Grove Unified School District	100.000	193,000,000
Natomas Unified School District	100.000	233,472,719
Sacramento Unified School District	100.000	470,327,966
San Juan Unified School District	100.000	606,880,956
Twin Rivers Unified School District	100.000	271,888,775
Other Unified School Districts	Various	120,027,772
High School and Elementary School Districts	Various	167,919,734
El Dorado Irrigation District	100.000	245,000
Cameron Community Services District	100.000	6,946,000
Elk Grove Unified School District Community Facilities District No. 1	100.000	197,766,133
City of Folsom Community Facilities Districts	100.000	121,241,436
City of Sacramento Community Facilities Districts	100.000	175,453,665
City of West Sacramento Community Facilities Districts	100.000	121,449,639
Other Community Facilities Districts	100.000	633,901,603
1915 Act and Benefit Assessment Bonds (Estimate)	100.000	377,557,669
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$4,469,493,464
OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	95.223%	$ 168,794,688
Sacramento County Pension Obligation Bonds	95.223	843,361,594
Other County Obligations	Various	32,706,304
Sacramento Unified School District Certificates of Participation and Pension Obligations	100.000	63,120,000
Twin Rivers Unified School District Certificates of Participation	100.000	60,440,000
Other Unified School District General Fund Obligations	Various	174,253,873
High School District and School District General Fund Obligations	Various	39,565,579
City of Sacramento General Fund Obligations	100.000	705,055,000
Other City General Fund Obligations	100.000	73,138,362
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	94.335	55,199,159
Special District General Fund Obligations	Various	31,543,131
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,247,177,690
Less: Sacramento County supported obligations		16,233,159
City of Elk Grove supported obligations		8,915,000
City of Sacramento supported obligations		498,982,840
City of West Sacramento supported obligations		8,522,481
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$1,714,524,210
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$370,643,800
GROSS COMBINED TOTAL DEBT		$7,087,314,954 (2)
NET COMBINED TOTAL DEBT		$6,554,661,474

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($396,190,000) 0.20%
Total Direct and Overlapping Tax and Assessment Debt.................... 2.28%
Gross Combined Total Debt 3.62%
Net Combined Total Debt 3.35%

Ratios to Redevelopment Incremental Valuation ($15,197,203,301):
Total Overlapping Tax Increment Debt 2.44%

(1) Excludes the Bonds described herein.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

BOND INSURANCE

The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on some or all maturities of the Bonds and, if a commitment is issued to insure the Bonds, will determine prior to the sale of the Bonds whether to obtain such insurance.

SACRAMENTO COUNTY INVESTMENT POOL

Under the California Education Code, the District is required to pay all monies received from any source into the Sacramento County Treasury to be held on behalf of the District. Therefore, the District's funds, including monies on deposit in the District's building fund and debt service fund, are held by the County Auditor-Controller. The County's current investment policy and most recent available investment report are shown in Appendix G.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (an **"Annual Report"**) to the Municipal Securities Rulemaking Board not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing by March 31, 2020 with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding general obligation bonds and refunding general obligation bonds. See "APPENDIX B - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT - DISTRICT FINANCIAL INFORMATION - Indebtedness of the District." A review of the District's prior undertakings and filings made in the previous five years has been undertaken. Instances of non-compliance are: ______.

In order to assist it in complying with its disclosure undertakings for its outstanding bonds and the Bonds, the District has engaged Dale Scott & Company, Inc., its Financial Advisor, to serve as its dissemination agent with respect to its each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Bonds.

Neither the Counties nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

CERTAIN LEGAL MATTERS

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect, executed by an authorized officer of the District, will be furnished to Underwriter at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

The District is routinely subject to lawsuits and claims in the regular course of administering the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

Legal Opinions

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality by Bond Counsel. The opinions of Bond Counsel with respect to the Bonds will be delivered in substantially the respective forms attached hereto as Appendix D. Certain legal matters will also be passed upon for the District by Disclosure Counsel. The fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

Tax-Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "**original issue discount**" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "**original**

issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status*.* In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Form of Opinion*.* A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

Other Tax Considerations

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above, including any opinion regarding federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

In addition, future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Tax Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

RATINGS

Moody's Investors Services (**"Moody's"**) and S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**") have assigned ratings of "__" and "__," respectively, to the Bonds. The District has provided certain additional information and materials to Moody's and S&P (some of which does not appear in this Official Statement to the extent is has been determined to not be material to making an investment decision in the Bonds). Such ratings reflect only the views of Moody's and S&P, and an explanation of the significance of such ratings and outlooks may be obtained only from Moody's and S&P. There is no assurance that any credit ratings given to the Refunding Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Moody's or S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Refunding Bonds.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $_____ which is equal to the initial principal amount of the Bonds of $______, plus net original issue premium of $______ less an Underwriter's discount of $_______.

The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

COMPENSATION OF PROFESSIONALS

Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, Dannis Woliver Kelley as Underwriter's Counsel, and Dale Scott & Co., Inc., as financial advisor to the District, is contingent upon issuance of the Bonds.

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the District and following delivery of the Bonds will be on file at the offices of the Paying Agent in Sacramento, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the District.

LOS RIOS COMMUNITY COLLEGE DISTRICT

By: ____

Deputy Chancellor,
Finance and Administration

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDING JUNE 30, 2018

APPENDIX B

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

General Information

The Los Rios Community College District, (the "**District**") a political subdivision of the State of California (the "**State**"), was established on July 1, 1964, and commenced operations on July 1, 1965. The District is a multi-campus public community college district serving the greater Sacramento region and provides higher education instruction for the first and second years of college and vocational training. The District's service area includes Sacramento County and portions of Yolo, Solano, Placer and El Dorado counties, with a total area population exceeding 2 million residents.

The District operates four separately accredited colleges: American River, Sacramento City, Cosumnes River, and Folsom Lake, short descriptions of which follow:

- ***American River College*** ("**ARC**"), founded in 1955, is situated on 153 acres in northern Sacramento and is the largest of the three colleges serving over 32,800 students at its main campus as well as off-campus locations including the Natomas Educational Center in the northwestern area of Sacramento.

- ***Sacramento City College*** ("**SCC**"), founded in 1916, is the seventh oldest public community college in the State and serves over 20,900 students, including educational services provided in Yolo County at the Davis Educational Center and the West Sacramento Center.

- ***Cosumnes River College*** ("**CRC**"), founded in 1970, is situated on 150 acres in south Sacramento, one of the fastest growing regions of the District, and serves more than 14,000 students at its main campus as well as the Elk Grove Center.

- ***Folsom Lake College*** received its first accreditation on January 19, 2004. Its main campus serves students in the eastern part of Sacramento County. The El Dorado Center of Folsom Lake College serves students in the Placerville area of El Dorado County. The college also has a center in the city of Rancho Cordova which was formally approved by the Board of Governors in March 2016. Total enrollment for the Folsom Lake College exceeds 8,500 students.

In addition, the District operates six educational centers, including the Workforce and Economic Development Center which provides employee training and consultant services to business, government and industry in the greater Sacramento metropolitan area and portions of northeastern California.

For background and demographic information about the region in which the District is located, see "APPENDIX C – General Demographic Information about Sacramento County, El Dorado County and Yolo County."

Administration

Governing Board. The District is governed by a Board of Trustees (the "**Board**") consisting of seven members with each representing a service area of the District. Members are elected to four-year terms and elections are held every two years, alternating between three and four available positions. The current members of the Board are as follows:

LOS RIOS COMMUNITY COLLEGE DISTRICT
Board of Trustees

Trustee Name	Area	Term Expires
John Knight, President	3	December 2020
Robert Jones, Vice President	2	December 2022
Pamela Haynes, Trustee	5	December 2020
Dustin Johnson, Trustee	1	December 2022
Tami Nelson, Trustee	7	December 2020
Deborah Ortiz, Trustee	6	December 2022
Ruth Scribner, Trustee	4	December 2020

Chancellor. The Chancellor of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. Brian King is the District's current Chancellor and he has served as chancellor of the District since February 2013. Dr. King is widely recognized as an educational leader committed to student success. Dr. King previously served as President/Superintendent of Cabrillo College in Aptos, California and as a faculty member and administrator in the Springfield, Missouri community college system. He has more than 20 years of community college teaching and administrative experience. Dr. King received his bachelor's degree in history from the University of Missouri; a juris doctorate from Duke University School of Law; and an education doctorate in higher education from the University of Arkansas.

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Recent Enrollment Trends

The following table shows the number of full-time equivalent students for the District for the fiscal years 2008-09 through 2018-19.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Annual Full-Time Equivalent Students
Fiscal Years 2008-09 through 2018-19 (Estimated)

	Full-Time Equivalent Students(1)			
Fiscal Year	**Achieved**	**Percentage Change**	**Reported(2)**	**Percentage Change**
2008-09	59,516	--	58,901	--
2009-10	59,965	0.8%	59,965	1.8%
2010-11	56,499	(5.8)	56,499	(5.8)
2011-12	52,466	(7.1)	52,466	(7.1)
2012-13	50,499	(3.7)	50,499	(3.7)
2013-14	49,936	(1.1)	50,209	(0.6)
2014-15	49,853	(0.2)	52,171	3.9
2015-16	50,311	0.9	47,779	(8.4)
2016-17	49,173	(2.3)	52,640	10.2
2017-18(3)	47,847	(2.7)	44,313	(15.8)
2018-19	48,608	1.2	51,949	17.2

(1) Resident enrollment.
(2) Includes summer shift.
(3) Estimate.
Source: Los Rios Community College District Audited Financial Statement for Fiscal Year Ending June 30, 2018.

Employee Relations

The following table summarizes current bargaining units, contract status and number of employees covered. Management and confidential employees are not represented by bargaining units.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Fiscal Year 2018-19
Bargaining Organization and Contract Dates

Bargaining Organization	Acronym	Contract Beginning Date	Contract Ending Date	Number of Employees
Los Rios College Federation of Teachers	LRCFT	07/01/17	06/30/20	2,496[1)]
Los Rios Classified Employees Association	LRCEA	07/01/17	06/30/20	810 [(2)]
Service Employees International Union	SEIU	07/01/17	06/30/20	200
Los Rios Supervisors' Association	LRSA	07/01/15	06/30/18	86

(1) Includes 1,005 regular and 1,491 adjunct (part-time) faculty.
(2) Excludes part-time temporary and student help.
Source: Los Rios Community College District.

District Insurance Coverage

The District is a participant in the Schools Association For Excess Risk (**"SAFER"**). SAFER is a joint powers authority (**"JPA"**) created to provide services and other items necessary and appropriate for the establishment, operation, and maintenance of a self-funded excess liability fund for public education agencies, which are parties thereto. Should excess liability claims exceed amounts funded to SAFER by all participants, the District may be required to provided additional funding.

The District is also a participant in the Statewide Association of Community Colleges ("**SWACC**"). SWACC is a JPA established for the purpose of providing the services, facilities, and items necessary and appropriate for the establishment, operation, and maintenance of a self-insurance system for property and liability claims and losses against public educational agencies who are members thereof. Should property claims exceed amounts funded by SWACC by all participants, the District may be required to provide additional funding. Should liability claims excess established SWACC limits, the District has excess coverage with SELF. SWACC also provides for additional insurance and risk management programs and services as well as a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding self-insurance for losses and other insurance and risk management programs and services. SELF and SWACC are independently accountable for their fiscal matters and are not component units of the District for financial reporting purposes.

DISTRICT FINANCIAL INFORMATION

Funding of Community College Districts in California

Major Revenues. California community college districts (other than Basic Aid/community-supported districts, as described below) receive a majority of their funding form the Sate, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery, and other minor sources. Local sources include property taxes, student fees, and miscellaneous sources.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for most of the remainder. A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, and State aid comprise a district's revenue limit. State funding is generally subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

"Community supported" community college districts (also referred to "basic aid" districts) are those districts whose local property taxes, student enrollment fee collections, and Education Protection Account funds exceed the revenue allocation determined by the current State funding model. Thus, community supported districts do not receive any general apportionment funding from the State. The current law in the State allows these districts to keep the excess funds without penalty. The implication for community supported districts is that the legislatively determined annual COLAs and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not a community supported district.

Enrollment Based Funding – SB 361 (FY 2017-18 and Prior). From fiscal years 2006-07 to 2017-18, California community college districts were funded pursuant to the provisions of Senate Bill 361 ("**SB 361**"). Under SB 361, general apportionment revenues to community college districts were allocated based on criteria developed by the Board of Governors of the California Community Colleges in accordance with prescribed statewide minimum requirements. Annual allocations were based on the number of colleges and comprehensive centers in each district, plus funding received based on the number of credit and noncredit full time equivalent students ("**FTES**") in each district.

Under SB 361, minimum funding per FTES was: (a) not less than $4,367 per credit FTES; (b) a uniform rate of $2,626 per noncredit FTES; and (c) $3,092 per FTES for the instructional category known as "career development and college preparation," all subject to cost of living adjustments.

Local revenues, consisting of local property taxes and student enrollment fees, were first used to satisfy a community college district's expenditures. Once these sources were exhausted, State funds were used to determine a district's revenue limit under SB 361.

Student Centered Funding Formula -- SB 1809 (Commencing FY 2018-19). Assembly Bill 1809 (**"AB 1809"**), a trailer bill to the 2018-19 State Budget, created a Student-

Centered Funding Formula for general purpose apportionments, which will be implemented over the next three years. The new formula allocates funding to community college districts based upon FTES, as well as additional factors. The three calculations in the formula are:

(1) a **base allocation** consistent with the SB 361 formula described above;

(2) a **supplemental allocation** based on the number of students who receive a California Promise Grant, Pell Grant or are AB 540 students; and

(3) a **student success allocation** which will allocate funds for outcomes related to completion of associate degree transfers, associate degrees and bachelor's degrees, credit certificates, completion of transfer-level math and English within the first academic year of enrollment, transfer to four-year universities, completion of nine or more career technical education units and attainment of a regional living wage.

Formula Structure and Transition. The table below illustrates how community college district funding will be allocated over the next three years:

Student-Focused Funding Formula
Implemented by State Budget for Fiscal Year 2018-19

Funding Allocation	2018-19	2019-20*	2020-21
Base Grant	70%	65%	60%
Supplemental Grant	20	20	20
Student Success Incentive Grant	10	15	20

**Allocation subject to revision as part of the Fiscal Year 2019-20 State Budget. See the following paragraph.*

The Proposed State Budget for fiscal year 2019-20 includes a provision that provides that the funding allocation identified for Fiscal Year 2018-19 shall also apply to Fiscal Year 2019-20. See "STATE FUNDING OF EDUCATION - 2019-20 Proposed State Budget."

Hold Harmless Provision. In order to facilitate the transition of districts to the new funding formula, the legislation provides that during the initial three years of implementation, no community college district will receive less funding than it received in 2017-18, and each district will receive an increase to reflect a cost-of-living adjustment. The formula includes a "stability" provision that delays any decrease in revenue by one year.

Advisory Committees. Under the legislation, two advisory committees will be established reporting to the Chancellor's Office and the Legislature.

District Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community Colleges Budget and Accounting Manual. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund, which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30. All governmental funds and fiduciary funds are maintained on the modified accrual basis of accounting, and so revenues are recognized when they become susceptible to accrual (that is, both measurable and available to finance expenditures for the current period). For more information on the District's accounting method, see Note 2, Section B of "APPENDIX B – FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS" attached hereto.

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. GASB No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

The District's Audited Financial Statements for fiscal year 2017-18 were prepared by Vavrinek, Trine, Day & Co., LLP, Sacramento, California and are attached as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Chancellor's Office.

The District considers its audited financial statements to be public information, and accordingly, no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit in this Official Statement.

Revenues, Expenditures and Changes in Fund Equity

The following table sets forth the District's revenues, expenses and change in net assets for fiscal years 2013-14 through 2017-18 (as shown in the District's audited financial statements). For fiscal year 2017-18, see the table below under "– District Budget."

The District implemented GASB Statements 68 and 71 in fiscal year 2014-15. This changed the recognition of OPEB liability from being amortized over 30 years to being amortized all in one year. These statements required the District to recognize a liability in that year, resulting in an artificial decrease in Net Position. Similarly, the District implemented GASB Statement 75 in fiscal year 2016-17 and applied it retroactively to fiscal year 2015-16. This statement required the District to recognize its share of the STRS and PERS unfunded liability, resulting in another artificial decrease in Net Position. Neither of these actions affected the District's real financial position or the funds available to the District.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Summary of Revenues, Expenditures and Changes in Net Position
For Fiscal Years 2013-14 through 2017-18 (Audited)

	2013-14	2014-15	2015-16	2016-17(3)	2017-18(3)
Operating Revenues					
Tuition and Fees	$66,234,907	$67,364,592	$68,227,161	$66,796,671	$66,740,194
Less: Scholarship discount and allowances	(42,203,226)	(41,786,834)	(40,794,800)	(38,527,553)	(36,225,545)
Net tuition and fees	24,031,681	25,577,758	27,432,361	28,269,118	30,514,649
Grants and Contracts, non-capital:					
Federal	8,361,327	7,137,080	7,094,909	--	98,296,487
State	20,103,783	34,561,659	64,080,830	--	68,151,877
Local	4,782,567	3,492,710	3,201,451	--	2,936,116
Net grants and contracts, noncapital	--	--	--	--	169,384,480
Auxiliary enterprise sales and charges	19,266,024	19,241,277	17,973,695	18,716,617	17,657,106
Other operating revenues	2,528,258	2,282,756	2,845,286	3,339,701	3,394,392
Total Operating Revenues	79,073,640	92,293,240	122,628,532	50,325,436	220,950,627
Operating Expenses					
Salaries	210,421,606	214,526,247	230,222,137	238,505,743	247,622,479
Employee benefits	53,626,942	79,074,191	78,065,679	85,050,162	100,930,206
Supplies, materials and other operating expenses and services	44,443,211	44,185,563	52,769,623	67,867,769	74,672,993
Utilities	7,751,635	8,212,863	8,580,374	99,140,969	--
Depreciation	26,823,578	28,064,230	29,381,116	30,377,589	30,506,553
Payment to students	27,603	40,853	25,494	--	99,587,078
Total Operating Expenses	343,094,575	374,103,947	399,044,423	520,942,232	553,319,309
Operating Loss	(264,020,935)	(281,810,707)	(276,415,891)	(470,616,796)	(332,368,682)
Non-Operating Revenues (Expenses)					
State apportionments, non-capital	150,544,463	147,276,740	166,577,116	193,706,829	200,504,978
Education protection account	37,920,228	47,794,800	43,733,807	--	--
Local property taxes	53,572,042	57,789,946	66,244,892	81,040,324	85,677,216
Taxes levied for other specific purposes-Debt service	--	--	--	28,788,075	29,875,225
Lottery, state taxes and other revenues	10,614,322	11,905,745	21,421,843	20,376,324	28,612,306
Interest income, noncapital	311,183	650,174	653,825	3,025,602	4,361,729
Investment expense, noncapital	50,780	(72,032)	(15,719)	--	--
Interest expense	--	(528,953)	--	(9,031,821)	(10,930,068)
Transfer from agency fund	--	--	--	--	1,894
Amortization of deferred charges	(45,465)	--	--	--	--
Financial aid revenues, federal	108,422,474	99,622,037	95,342,298	95,707,205	--
Financial aid revenues, state	4,970,664	5,559,135	7,341,696	64,447,877	--
Financial aid expenses	(116,016,994)	(107,577,629)	(106,846,968)	3,314,970	--
Other non-operating revenues - grants/gifts, non-capital	334,209	338,314	291,705	627,830	--
Other non-operating revenues - grants/gifts, misc.	30,640	26,809	32,820	627,830	268,804
Total Non-Operating Revenues (Expenses)	250,708,546	262,785,086	294,777,315	482,003,215	338,372,084
Income (Loss) Before Other Revenues And Expenses	(13,312,389)	(19,025,621)	18,361,424	11,386,419	6,003,402
Other Revenues and Expenditures					
State apportionments, capital	364,647	3,875,449	2,888,238	6,136,801	7,572,302
Local property taxes and revenues, capital	30,232,701	20,692,269	19,253,346	--	--
Interest income, capital	194,082	334,063	606,877	--	--
Investment expense, capital	114,380	25,006	(2,320)	--	--
Interest expense on capital asset-related debt	(8,271,480)	(4,138,840)	(3,995,314)	--	--
Debt service costs	--	(19,479)	(351,977)	--	--
Costs of bond issuance	(78,917)	--	--	--	--
Grants and gifts, capital	1,105,544	299,130	155,107	--	--
Loss from disposal of capital assets	1,319,063	(935,563)	(27,472)	--	--
Increase (decrease) in Net Position	11,667,631	1,106,414	36,887,909	17,523,220	13,575,704
Net Position, Beg. Of Year, as previously reported	463,446,774	494,014,211	233,321,849	268,837,646	292,838,572
Cumulative effect of change in account principles	--	(261,798,776)[1]	--	--	
Prior period adjustment	18,899,806	--	--	6,477,706[2]	
Net Position - Beg. of Year, as restated	482,346,580	232,215,435	--	--	
Net Position - End of Year	$494,014,211	$233,321,849	$270,209,758	$292,838,572	$306,414,276

[Footnote to table on the prior page]

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(1) For the year ended June 30, 2015, the District implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27,* and GASB Statement No. 71 (GASB 71) *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.* Since GASB 68 requires retroactive application, beginning net position is reduced by the net pension liability offset by the related deferred outflow of resources as of June 30, 2014. As a result, for the year ended June 30, 2015, the beginning net position decreased by $261,798,776 as the cumulative effect of a change in accounting principles.

(2) The District adopted GASB Statement No. 74, Financial Reporting for Postemployment Benefits Plans Other than Pension Plans and GASB Statement No 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. The implementation of these standards required a change in accounting principles to restate the beginning Net Position on the Statement of Revenues, Expenditures and Statement of Net Position by $6,477,706.

(3) Certain reclassifications were made to Fiscal Years 2016-17 and 2017-18 to conform to a revised presentation of financial information.

Source: Los Rios Community College District.

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District Budget

The District is required by provisions of the State Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed revenues plus the carry-over fund balance from the previous year. The Board of Governors of the California Community Colleges imposes a uniform budgeting format for all California community college districts. Under current law, the District Board of Trustees approves a tentative budget by July 1 and an adopted budget by September 15 of each fiscal year. The presentation of the District's audits as summarized in the previous section is used only for District's external audit. The District manages its funds in a different format, including with respect to its budgets and unaudited actuals. The following table shows the District's adopted general fund budget for fiscal year 2018-19.

LOS RIOS COMMUNITY COLLEGE DISTRICT
General Fund Budget and Fund Balances, Revenues and Expenditures
For Fiscal Year 2018-19 (Budgeted)

	2018-19 Adopted Budget
Beginning Balance, July 1	
Uncommitted	$16,786,205
Committed	32,883,156
Restricted	6,856,255
Total Beginning Fund Balance	56,525,616
Revenues:	
State Apportionment & Education Protection Account (EPA) Funds	204,131,454
Basic Allocation Adjustment & COLA	8,237,249
Funding above 2017-18 final	4,662,751
Local Property Taxes	82,441,968
Enrollment Fees, 98%: 2017-18 & 2018-1917,384,098, $46/unit	17,384,098
Total Base Allocation, COLA & Growth	316,857,520
One Time Only Apportionment & Recalculation Funds	
Lottery Funds	6,816,912
Other General Purpose	26,849,300
Restricted/Special Programs Revenue	107,986,276
Total Revenue	458,510,008
Total Revenue and Beginning Fund Balance	515,035,624
Expenditures/Appropriations:	158,719,067
Academic Salaries	96,024,198
Classified Salaries	112,958,234
Employee Benefits	21,104,367
Books, Supplies & Materials	21,104,367
Other Operating Expenses	71,007,075
Capital Outlay	11,788,484
Interfund Transfers/Other Outgo	17,216,452
Total Expenditures/Appropriations and Interfund Transfers	488,817,877
Ending Fund Balance, June 30:	
Uncommitted	16,786,205
Committed	6,383,156
Restricted	3,048,386
Total Ending Fund Balance	26,217,747
Total Expenditures/Appropriations & Ending Fund Balance	$515,035,624

Source: Los Rios Community College District.

General Fund Reserves

The California Community College Chancellor's Office recommends a prudent general fund unrestricted reserve of at least five percent of expenditures. District's falling below the five percent may be subject to fiscal monitoring by the Chancellor's Office. In addition, the District Board Policies require that the District maintain a five percent uncommitted contingency reserve.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. See "APPENDIX A - Audited Financial Statements of the District for Fiscal Year Ending June 30, 2018" and particularly Note 10.

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Historical STRS Contributions

Fiscal Year	Contribution
2011-12	$8,393,726
2012-13	9,134,316
2013-14	9,225,951
2014-15	10,573,510
2015-16	12,979,900
2016-17	16,500,606
2017-18	19,566,444
2018-19*	19,482,993

*Projected.
Source: Los Rios Community College District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.3 billion as of June 30, 2017 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.25% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 10.73%, 12.58%, 14.43% and 16.28% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2019-20 through 2022-23

Fiscal Year	Employer Contribution Rate(1)
2019-20	18.13%
2020-21	18.10
2021-22(2)	18.10
2022-23(2)	18.10

(1) Expressed as a percentage of covered payroll.
(2) The employer contribution rate is projected to decrease in fiscal years 2021-22 and 2022-23. Projections may change based on actual experience.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Historical CalPERS Contributions

Fiscal Year	Contribution
2011-12	$7,388,226
2012-13	7,589,804
2013-14	7,809,809
2014-15	8,404,663
2015-16	8,635,679
2016-17	10,751,974
2017-18	12,730,993
2018-19*	13,038,606

*Projected.
Source: Los Rios Community College District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $23.6 billion as of June 30, 2017 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

PERS Discount Rate
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new contribution rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, were implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 11.847%, 13.888%, 15.531%, and 18.062% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2022-23[(1)]

Fiscal Year	Employer Contribution Rate[(2)]
2019-20	20.800%
2020-21	23.500
2021-22	24.600
2022-23	25.300

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information. Additional information regarding the District's retirement programs is available in Note 10 to the District's audited financial statements attached hereto as APPENDIX A. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Public Agency Retirement System. The District has also adopted the Public Agency Retirement System ("**PARS**") Section 457 FICA Alternative Retirement Plan. The Plan is covered under Internal Revenue Code, Section 457. Plan participants include all individuals who have worked for the District on or after July 1, 2008, provided that they are not covered by any other retirement program (e.g., PERS or STRS) through District employment. The plan requires a contribution of at least 7.5% of wages. The contribution is split evenly with the employees contributing 3.75% and the District contributing 3.75%. The plan results in savings for both employees and the District. The District's contribution to the Plan for fiscal year ended June 30, 2018 was $373,524. Accounts are established in the name of each participant. Contributions are allocated directly to employee accounts. Contributions are allocated directly to employee accounts. Participant account balances are fully vested and non-forfeitable. Participant account balances will be paid in a single distribution or direct rollover to another eligible retirement plan designated by the participant upon retirement or other termination. PARS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PARS annual financial report may be obtained from PARS, 5141 California Avenue, Suite 150, Irvine, California 92617-3069.

Other Post-Employment Benefits ("OPEB") - Health Care Benefits

Plan Description. The District administers the Los Rios Community College District Retiree Health Benefit Plan (the **"RHBP Plan"**), a single-employer defined benefit healthcare plan. The Board established the Los Rios Community College District Retiree Health Benefits Trust (the **"OPEB Trust"**). The OPEB Trust is used for the purposes of investment and disbursement of funds irrevocably designated by the District to fund future other post-employment benefits (**"OPEB"**).

As of June 30, 2018, the RHBP has 1,007 retirees receiving benefits and 1,949 participating active employees. The RHBP paid up to $280 per month for the payment or reimbursement of all or a portion of health insurance premiums of eligible retirees.

Contribution Information. The District provides contributions on a pay-as-you-go basis and contributes to the OPEB Trust. The contribution requirements of the District are established and may be amended by the Board and by contractual agreement with employee groups. The District's OPEB Plan members are not required to contribute to the OPEB Plan. During the year ended June 30, 2018, the District contributed $3,200,000 to the OPEB Trust. The District's benefit payments on a pay-as-you-go basis during the year ended June 30, 2018 were $3,015,867, which were reimbursed by the OPEB Trust.

Actuarial Assumptions. The District's net OPEB asset at June 30, 2018 of $9,609,706 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: discount rate 5.00%, general inflation 2.75%, salary increases 3.25% (since benefits do not depend on salary, this is used only to allocate the costs of benefits between service years), long -term return on assets 5.00% (net of OPEB Plan investment expense; includes inflation), and healthcare cost trend rates 5.00% to 8.00% (Assumed to start at 8.00% and grade down to 5.00% for years 2024 and thereafter). The mortality rates for classified employees was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the April 2014 experience study report. The mortality rates for certificated employees used the CalSTRS custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are adjusted to fit CalSTRS specific experience through June 30, 2015. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis and June 30, 2015 Actuary Program Valuations for more information.

Rate of Return. The long-term expected rate of return on the OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and added expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

Long-Term Rate of Return of OPEB Trust

Asset Class	Long Term Expected real rate of return
Equities	9.24%
Fixed Income	2.88%

Source: Los Rios Community College District 2018 Audited Financial Statement.

Discount Rate. The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that the District continues to make regular, sufficient contributions to the OPEB Trust in order to prefund the total OPEB liability. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current OPEB Plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Asset of the District. The changes in net OPEB asset of the District as of June 30, 2018, are shown in the following table:

CHANGES IN NET OPEB ASSET
Los Rios Community College District

	Net OPEB Liability (Asset)
Balance at June 30, 2017	$(8,230,259)
Changes for the year:	
Service Cost	3,852,135
Interest	5,163,916
Contributions (employer)	(3,351,026)
Net investment income	(7,044,472)
Net changes	(1,379,447)
Balance at June 30, 2018	$(9,600,706)

Source: Los Rios Community College District 2018 Audited Financial Statement.

Sensitivity of the net OPEB asset to changes in the discount rate and healthcare cost trend rates. The net OPEB asset is based on the actuary report that relies on estimates and assumptions that affect the amounts reported. Particularly, changes in the discount and healthcare cost rates used can have significant impacts on the resulting actuarially determined net OPEB asset. Actual results may differ from those estimates and assumptions.

Existing Debt Obligations

The District has issued long-term debt in the form of general obligation bonds and refunding bonds and certificates of participation, as described below.

General Obligation Bonded Indebtedness. The following table summarizes the District's outstanding voter-approved general obligation bond indebtedness.

SUMMARY OF OUTSTANDING GENERAL OBLIGATION BOND DEBT
Los Rios Community College District

Issue	Date of Issue	Maturity Date	Original Principal Amount	Principal Outstanding March 1, 2019
Election of 2002				
Series D	08/04/09	8/1/19	$55,000,000.00	$1,760,000.00
Series E	06/27/13	8/1/38	20,000,000.00	17,200,000.00
Series F	02/08/18	8/1/23	27,500,000.00	27,500,000.00
Election of 2008				
Series A	10/19/10	8/1/20	130,000,000.00	4,405,000.00
Series B	06/27/13	8/1/38	60,000,000.00	54,900,000.00
Series C	02/08/18	8/1/32	65,000,000.00	65,000,000.00
Refundings				
2010 Refunding	10/7/10	8/1/27	21,025,000.00	12,920,000.00
2011 Refunding	10/20/11	8/1/27	40,195,000.00	27,260,000.00
2012 Refunding	03/28/12	8/1/30	62,920,000.00	49,820,000.00
2016 Refunding	04/21/16	8/1/26	39,315,000.00	31,105,000.00
2017 Refunding	12/19/17	8/1/35	106,850,000.00	104,320,000.00
Totals	--	--	$627,805,000.00	$396,190,000.00

2006 Certificates of Participation. In June 2006, the District incurred long-term lease obligations in connection with the financing of a parking garage and related facilities serving the Sacramento City College campus of the District from the proceeds of certificates of participation, which were delivered in the aggregate principal amount of $7,055,000 (the "**2006 Certificates**"). The 2006 Certificates originally matured through June 1, 2031; however, the issuance included a prepayment option which the District chose to exercise in fiscal year 2014-15, which has reduced the payment period. As of June 30, 2018, the outstanding principal amount of the 2006 Certificates is $440,000, and the final maturity is June 1, 2020.

Lease and Joint Use Agreement. In November 2008, the District executed Construction Site and Facilities Lease agreements with McCuen Project Services, Inc. to construct a parking facility at Cosumnes River College. In conjunction with this project, on November 4, 2011, the District executed a Lease and Joint Use Agreement with Sacramento Regional Transit District ("**RT**") to lease the multi-level parking structure to RT. The District and RT have agreed to make joint use of the parking structure and adjacent surface parking. RT's lease payments are the cost of construction. The term of the lease, which commenced in September 2015, is for 51 years with the option to extend for two, consecutive 5-year terms. The parking structure was completed and opened in June 2013.

Operating Leases. The District has entered into various operating leases for buildings with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation upon written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payments
2019	$206,601
2020	199,194
Total	$405,795

Source: Los Rios Community College District

State Lease Revenue Bonds. The State Public Works Board (the "**Public Works Board**") has issued lease revenue bonds for the purpose of funding certain facilities, including facilities of the District. These bonds are special obligations of the Public Works Board payable from State general fund revenues appropriated to the Board of Governors of the California community colleges, which makes provision in the annual budget of the State for the servicing of such bonds. In the event that the State could not pay the semi-annual installment payment due with respect to such bonds, the District would be responsible for the payments attributable to the District facilities financed with these proceeds. The Public Works Board leases the facilities to the District, and at maturity, title will vest in the District.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Sacramento County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. For further information concerning County investments, access the County's website: www.saccounty.net. Investment information can be found under the link to Financial Services. The information contained in such website has not been reviewed by the District or the Underwriter and is not incorporated in this Official Statement by reference. See "APPENDIX G - SACRAMENTO COUNTY INVESTMENT POLICY AND QUARTERLY REPORT."

STATE FUNDING OF EDUCATION AND RECENT STATE BUDGETS

As described herein, California community college districts' principal funding formulas and revenue sources are derived from the budget of the State. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District nor the Underwriter take any responsibility as to the accuracy or completeness thereof and have not independently verified such information.

General. The largest percentage of community college district revenues comes from the State in accordance with the State's formula for funding community college districts and the Proposition 98 minimum funding guarantee with respect to education appropriations. The following description of the State's budget has been obtained from publicly available information which the District believes to be reliable; however, none of the District, its counsel or the Underwriter guarantees the accuracy or completeness of this information and have not independently verified such information. Additional information regarding State budgets is available at various State-maintained websites, including www.dof.ca.gov and www.lao.ca.gov. These websites are not incorporated herein by reference and none of the District, its counsel or the Underwriter make any representation as to the accuracy of the information provided therein or herein.

The State Budget Process. The State's fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor is required to propose a budget for the next fiscal year (the "**Governor's Budget**") to the State Legislature no later than January 10 of each year. State law requires the Governor to update the Governor's Budget projections and budgetary proposals by May 14 of each year (the "**May Revision**"). Proposition 25, which was adopted by voters in the State at an election held on November 2, 2010, amended the State Constitution such that a final budget must be adopted by a simple majority vote of each house of the State Legislature by no later than Jun 15 and the Governor must sign the adopted budget by no later than June 30. The budget becomes law upon the signature of the Governor (the "**Budget Act**").

Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. The primary source of the annual expenditure authorizations is the Budget Act, as approved by the State Legislature and signed by the Governor. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the State Legislature. Appropriations also may be included in the legislation other than the Budget Act. Bills containing appropriations (except for K-12 school districts and community college districts (collectively, "**K-14 districts**") must be approved by a two-thirds majority vote in each House of the State Legislature and be signed by the Governor. Bills containing education appropriations for K-14 districts require only a simple majority vote. Continuing appropriations, available without regard for fiscal year, may also be provided by statue or the State Constitution. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The Internet websites shown below are shown for reference and convenience only. The information contained within these websites may not be current, has not been reviewed by the District or the Underwriter and is not incorporated in this Official Statement by reference.

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Information," posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information," posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness and Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget," includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office (the "**LAO**") prepares analyses of the proposed and adopted State budgets. Those analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)."

2018-19 Adopted State Budget

On June 27, 2018, the Governor signed the fiscal year 2018-19 State budget (the "**2018-19 State Budget**") into law. The 2018-19 State Budget calls for total spending of $199.7 billion, with $138.6 billion in general fund spending. The 2018-19 State Budget provides for $78.4 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $3.7 billion from the 2017-18 State budget. Of that $78.4 billion, approximately $61 billion will be distributed to K-12 school districts through the Local Control Funding Formula (the "**LCFF**"), which will be fully funded during fiscal year 2018-19, two years earlier than originally scheduled, restoring every school district in the State to at least pre-recession funding levels, and including a 2.71% cost of living adjustment and an additional $570 million above the cost of living adjustment as an ongoing increase to the formula.

The 2018-19 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to $13.8 billion by the end of the budget year, its constitutional maximum. Additionally, the 2018-19 State Budget adds two additional reserves to State law, the Budget Deficit Safety Account and the Safety Net Reserve Fund. Other significant features of the 2018-19 State Budget include:

- $640 million in Proposition 51 State bond authority for school facilities;

- an increase to $11,640 in State-funded per pupil funding under LCFF, or $16,352 per pupil from all State, federal and local sources combined;

- one-time funding for K-12 school districts to finance various programs, including $300 million for the lowest-performing student subgroups, $125 million to address the shortage of special education teachers, and $100 million to expand facilities for kindergarten and transitional kindergarten;

- $57.8 million for county offices of education to support school districts needing additional assistance, as determined based on multiple performance indicators, $4 million of which will go to geographical regional leads to build system-wide capacity to support school district improvement;

- $32.8 million to backfill property tax revenue losses that cities, counties and districts incurred in fiscal year 2017-18 and will incur in fiscal year 2018-19 from wildfires, mudslides and other natural disasters, $21.8 for Northern California jurisdictions and $11 million for Southern California jurisdictions;

- a hold harmless provision allowing local education agencies to recoup revenue that has been lost due to declines in average daily attendance that are directly associated with these disasters;

- $185.4 million to multiple state agencies for the first year of implementation of a $4 billion parks and water bond measure approved by voters in 2018; and

- one-time funding of $500 million of emergency aid to support local governments in addressing homelessness, to be used for emergency shelters, bridge housing, motel vouchers, and supportive housing.

With respect to community college districts, the 2018-19 State Budget adopts a new Student-Focused Funding Formula for general purpose apportionments to be implemented over the next three years, reflecting the following core components:

(1) <u>Formula Structure and Transition</u> – In 2018-19, 70% of funding will be distributed based on enrollment, 20% based on enrollment of low-income students and 10% based on student success metrics. In 2019-20, 65% of funding will be distributed based on enrollment, 20% based on enrollment of low-income students and 15% based on student success metrics. In 2020-21, 60% of funding will be based on enrollment, 20% based on enrollment of low-income students and 20% based on student success metrics.

(2) <u>Hold Harmless Provision</u> – In 2018-19, 2019-20 and 2020-21, no district will receive less funding than it received in 2017-18, and each district will receive an increase to reflect a cost-of-living adjustment. In 2021-22 and future years, districts will receive no less apportionment funding than is currently provided. The funding formula includes stability provisions that provide districts with additional revenue protection by allowing them to receive the greater of their past-year or current-year total revenue.

(3) Advisory Committee - Corresponding with the implementation of the Student-Focused Funding Formula, an advisory committee will be established to monitor implementation of the funding formula. The 2018-19 State Budget also creates the California Online College. The first three programs are to be developed by July 1, 2019 and enroll students by the last quarter of 2019. The Chancellor's Office has announced that the first two pathways will be an information technology support credential program and a medical coding credential program.

2019-20 Proposed State Budget

On January 10, 2019, the Governor released the proposed State budget for fiscal year 2019-20 (the **"2019-20 Proposed Budget"**). The 2019-20 Proposed Budget projects general fund revenues in fiscal year 2018-19 of approximately $149.3 billion (including a prior year balance of approximately $12.4 billion) and expenditures of approximately $144.1 billion. For fiscal year 2019-20, the 2019-20 Proposed Budget projects general fund revenues of $147.9 billion (including a prior year transfer of approximately $5.2 billion) and authorizes expenditures of $144.2 billion. The 2019-20 Proposed Budget continues to build State reserves to manage the impacts of future economic downturns, with $2.3 billion in a Special Fund for Economic Uncertainties, $15.3 billion in the "Rainy Day Fund," and $900 million in a Safety Net Reserve Fund. The 2019-20 Proposed Budget notes that additional deposits to the Rainy Day Fund will be made in reliance on a recent opinion by the California Office of Legislative Counsel, which concluded that supplemental payments made in prior fiscal years do not count towards calculating the Rainy Day Fund's constitutional maximum of 10%, and projects bringing the Rainy Day Fund to $19.4 billion by 2022-23.

The 2019-20 Proposed Budget raises the Proposition 98 minimum funding guarantee for school districts and community college districts to $80.7 billion, a new all-time high, which includes an additional $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% cost-of-living adjustment, and brings total LFCC funding to $63 billion. To address the rising costs of STRS pensions, the 2019-20 Proposed Budget also includes a $3 billion one-time general fund payment to STRS on behalf of school districts, which is expected to provide immediate relief and reduce the out-year contribution rate by 0.5%. The 2019-20 Proposed State Budget also includes a $750 million one-time general fund payment to fund new or retrofitted facilities for full-day kindergarten programs and other activities that reduce barriers to providing full-day kindergarten and a general fund payment of $576 million ($186 million is one-time) to support expanded special education services in school districts with a high concentration of special education students.

With respect to community college districts, the 2019-20 Proposed Budget examines implementation of the Student Centered Funding Formula, which was initially implemented in fiscal year 2018-19. It proposes a revised implementation plan to maintain student success allocation factors in 2019-20 at the same rates as fiscal year 2018-19, adjusted for inflation, and proposes a limit on year-over-year increases in resources a community college could receive through the Student Success Allocation, imposing a 10% cap. Other State Budget factors relating to community college districts can be found in the Department of Finance web site cited in the following paragraph.

The complete Proposed 2019-20 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference. The Governor is required to release a revision to the proposed budget by May 14 of each year.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2018-19 State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the County, the Underwriter or the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

Availability of State Budget. The complete 2018-19 State Budget is available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures, or possible future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the Counties for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the Counties for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIIIA.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the Counties, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB ("**Article XIIIB**") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("**unitary property**"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIIIC and XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "**Article XIIIC**" and "**Article XIIID**"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the "**second test**"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the "**third test**"). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as "**Proposition 39**") to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. Constitutional amendments may be changed only with another statewide vote. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by Proposition 39 are K-12 school districts including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax increases of Proposition 30.

California Senate Bill 222

Senate Bill 222 ("**SB 222**") was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX C

DEMOGRAPHIC INFORMATION ABOUT SACRAMENTO COUNTY, EL DORADO COUNTY AND YOLO COUNTY

*The District's service area includes most of Sacramento County (78.43% of the District's assessed valuation is located in Sacramento County) and portions of El Dorado, Yolo, Solano and Placer counties (each, a "**County**"; collectively, the "**Counties**"). The following information concerning the Counties is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the Counties, the State of California (the "**State**") or any of its political subdivisions (other than the District), and neither the Counties, the State nor any of its political subdivisions (other than the District) is liable therefor.*

Sacramento County. Sacramento County was incorporated in 1850 as one of the original 27 counties of the State. Sacramento County's largest city, the City of Sacramento, is the seat of government for the State and also serves as the county seat. Sacramento became the State Capital in 1854. Sacramento County is included in the Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area ("**MSA**").

Sacramento County encompasses approximately 994 square miles in the middle of the 400-mile long Central Valley, which is California's prime agricultural region. Sacramento County is bordered by Contra Costa and San Joaquin Counties on the south, Amador and El Dorado Counties on the east, Placer and Sutter Counties on the north, and Yolo and Solano Counties on the west. Sacramento County extends from the low delta lands between the Sacramento and San Joaquin rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of Sacramento County has direct access to the San Francisco Bay.

El Dorado County. El Dorado County, located in east-central California, encompasses 1,805 square miles of rolling hills and mountainous terrain. El Dorado County's western boundary contains part of Folsom Lake, and the eastern boundary is the California-Nevada State line. El Dorado County is topographically divided into two zones. The northeast corner of El Dorado County is in the Lake Tahoe basin, while the remainder of El Dorado County is in the "western slope," the area west of Echo Summit. This landscape invites residents and tourists alike to enjoy outdoor recreation activities year-round. There are two municipalities within El Dorado County. The largest city in the County is South Lake Tahoe, with a 2018 population estimate of 21,892. The City of Placerville, the County seat, is located 45 miles northeast of Sacramento. El Dorado County is also included in the Sacramento-Roseville-Arden-Arcade MSA.

Yolo County. Yolo County is located in northern California, north of Sacramento and Solano Counties, and east of Napa County. Agriculture is Yolo County's primary industry. The eastern two-thirds of Yolo County consists of nearly level alluvial fans, flat plains, and basins, while the western third is largely composed of rolling terraces and steep uplands used for dry-farmed grain and range. The elevation ranges from slightly below sea level near the Sacramento River around Clarksburg to 3,000 feet along the ridge of the western mountains. Yolo County is also included in the Sacramento-Roseville-Arden-Arcade MSA.

Population

The following table lists population figures for Sacramento, El Dorado and Yolo Counties and the State for the last five years.

SACRAMENTO, EL DORADO AND YOLO COUNTIES
AND STATE OF CALIFORNIA
Population Estimates

Calendar Year	Sacramento County	El Dorado County	Yolo County	State of California
2014	1,465,964	182,030	208,820	38,568,628
2015	1,481,969	183,172	211,078	38,912,464
2016	1,495,611	184,461	215,413	39,179,627
2017	1,513,415	186,223	218,673	39,500,973
2018	1,529,501	188,399	221,270	39,809,693

Source: State Department of Finance estimates (as of January 1).

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Employment and Industry

The following table provides estimates of the labor force, civilian employment and unemployment for the Sacramento-Roseville-Arden-Arcade MSA for the years 2014 through 2018. Sacramento County, along with Yolo County, Placer County, and El Dorado County, are part of the Sacramento-Arden Arcade-Roseville MSA.

The unemployment rate in the Sacramento-Roseville-Arden-Arcade MSA was 4.4% in January 2019, up from a revised 3.5% in December 2018, and below the year-ago estimate of 4.2%. This compares with an unadjusted unemployment rate of 4.8% for the State and 4.5% for the nation during the same period. The unemployment rate was 4.3% in El Dorado County, 3.8% in Placer County, 4.4% in Sacramento County, and 5.4% in Yolo County.

SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA
El Dorado, Placer, Sacramento, Yolo Counties
Employment by Industry
March 2018 Benchmark
(Annual Averages; Not Seasonally Adjusted)

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	1,049,200	1,060,200	1,073,300	n/a	1,060,200
Employment	974,100	998,100	1,017,300		998,100
Unemployment	75,100	62,100	56,000		62,100
Unemployment Rate	7.2%	5.9%	5.2%		5.9%
Wage and Salary Employment (2)					
Agriculture	9,200	9,400	9,700	9,800	9,100
Mining and Logging	400	400	400	400	500
Construction	45,600	50,300	55,000	58,700	63,600
Manufacturing	35,400	36,400	36,200	35,700	36,100
Wholesale Trade	24,100	24,400	25,500	26,500	28,500
Retail Trade	95,300	98,000	100,500	101,400	102,300
Transportation, Warehousing and Utilities	23,600	24,600	26,000	26,700	29,100
Information	13,900	14,100	13,800	12,500	12,300
Finance and Insurance	35,600	37,100	37,300	37,200	37,100
Real Estate and Rental and Leasing	13,400	13,800	14,500	15,200	16,800
Professional and Business Services	118,300	120,300	128,100	130,600	135,700
Educational and Health Services	134,300	140,100	145,600	152,800	159,500
Leisure and Hospitality	91,800	95,400	99,800	103,300	106,300
Other Services	30,300	30,900	31,700	33,000	34,200
Federal Government	13,600	13,700	14,000	14,200	14,100
State Government	113,400	115,300	116,600	118,400	120,500
Local Government	100,800	102,900	104,000	102,600	102,900
Total, All Industries (3)	898,800	927,100	958,700	978,800	1,008,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table alphabetically lists the major employers within Sacramento County.

SACRAMENTO COUNTY
MAJOR EMPLOYERS
(As of March 2019)

Employer Name	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (mfrs)
Air Resources Board Tstg Off	Sacramento	Engineers-Environmental
AMPAC Fine Chemicals LLC	Rancho Cordova	Electronic Equipment & Supplies-Mfrs
Apple Distribution Ctr	Elk Grove	Distribution Centers (whls)
California Department-Crrctns	Sacramento	Insurance Agents Brokers & Service
California Exposition & Fair	Sacramento	Government Offices-State
California Prison Ind Auth	Folsom	Government Offices-State
California State Univ-Scrmnt	Sacramento	University-College Dept/Facility/Office
Corrections Department	Sacramento	State Govt-Correctional Institutions
Dept of Transportation In Ca	Sacramento	Government Offices-State
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Dept	Sacramento	Government-Job Training/Voc Rehab Svcs
Environmental Protection Agcy	Sacramento	State Government-Environmental Programs
Intel Corp	Folsom	Semiconductor Devices (mfrs)
Kaiser Permanente South	Sacramento	Hospitals
L A Care Health Plan	Sacramento	Health Plans
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Hospitals
Sacramento Bee	Sacramento	Newspapers (publishers/Mfrs)
Sacramento Municipal Utility	Sacramento	Electric Contractors
Smud	Sacramento	Electric Companies
State Compensation Ins Fund	Sacramento	Insurance
Sutter Medical Ctr Sacramento	Sacramento	Hospitals
U C Davis Medical Ctr	Sacramento	Hospitals
Water Resource Dept	Sacramento	Government Offices-State

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

El Dorado County. The following table alphabetically lists the major employers within El Dorado County.

EL DORADO COUNTY
Major Employers
(As of March 2019)

Employer	Location	Industry
Accredited Ems Fire Training	Not Available	Medical Emergency Training
Barton Memorial Hospital	South Lake Tahoe	Hospitals
Beach Retreat & Lodge	South Lake Tahoe	Hotels & Motels
Blue Shield of California	El Dorado Hills	Insurance
Broadridge Financial Solutions	El Dorado Hills	Business Services NEC
Camp Richardson Resort	South Lake Tahoe	Resorts
Camp Richardson Resort	South Lake Tahoe	Resorts
Child Development Programs	Placerville	Child Care Service
County of El dorado	Placerville	County Government-General Offices
Cyber Quest-Red Hawk Casino	Placerville	Video Gamerooms
El Dorado Cnty Transportation	Placerville	Government Offices-County
El Dorado County Child Protctn	Placerville	Government Offices-County
El Dorado County Sheriff	Placerville	Government Offices-County
El Dorado Irrigation District	Placerville	Water & Sewage Companies-Utility
Heavenly Sports	South Lake Tahoe	Sporting Goods-Retail
Lake Tahoe Community College	South Lake Tahoe	Junior-Community College-Tech Institutes
Marriott's Vacation Club	South Lake Tahoe	Hotels & Motels
More	Placerville	Rehabilitation Services
Oak Ridge High School	El Dorado Hills	Schools
Raley's	Placerville	Grocers-Retail
Safeway	South Lake Tahoe	Grocers-Retail
Sierra-At-Tahoe Resort	Twin Bridges	Skiing Centers & Resorts
South Lake Tahoe City Manager	South Lake Tahoe	Government Offices-City, Village & Twp
Spare Time Inc	El Dorado Hills	Health Clubs Studios & Gymnasiums
Transitional Learning Ctr High	South Lake Tahoe	School Districts

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Yolo County. The following table alphabetically lists the major employers within Yolo County.

YOLO COUNTY
Major Employers
(As of March 2019)

Employer Name	Location	Industry
Bel Air Markets	West Sacramento	Grocers-Retail
Cache Creek Casino Resort	Brooks	Casinos
City of Davis-City Manager Ofc	Davis	Government Offices-City, Village & Twp
Coventry Workers Comp Svc	West Sacramento	Workmen's Compensation Consultants
D & G Mortgage Group Inc	Davis	Internet Service
Dennis Blazona Constr Inc	West Sacramento	Construction Companies
IKEA	West Sacramento	Furniture-Dealers-Retail
Mariani Nut Co	Winters	Nuts-Edible
Norcal Beverage Co	West Sacramento	Vending Machines-Manufacturers
Pacific Coast Producers	Woodland	Canning (mfrs)
Procurement Office	West Sacramento	State Government-General Offices
Promega Corp	Madison	Biotechnology Products & Services
Raley's	West Sacramento	Grocers-Retail
Rite Aid Distribution Ctr	Woodland	Distribution Centers (whls)
Sutter Davis Hospital	Davis	Hospitals
Target Distribution Ctr	Woodland	Distribution Centers (whls)
Teachers' Retirement System	West Sacramento	Government Offices-State
Tony's Fine Foods	West Sacramento	Food Products-Retail
UCD Coffee House	Davis	Restaurants
University of California Davis	Davis	Schools-Universities & Colleges Academic
UPS Customer Ctr	West Sacramento	Mailing & Shipping Services
Walmart Supercenter	West Sacramento	Department Stores
Woodland Healthcare	Woodland	Hospitals
Woodland Healthcare Foundation	Woodland	Health Services
Yolo County District Attorney	Woodland	Government Offices-County

Source: California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the Counties, the State, and the United States for the period 2015 through 2019.

SACRAMENTO, EL DORADO AND YOLO COUNTIES,
STATE OF CALIFORNIA AND UNITED STATES
Effective Buying Income 2015 through 2019

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
2015	Sacramento County	$30,629,048	$45,938
	El Dorado County	5,395,993	58,399
	Yolo County	4,666,760	46,609
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	Sacramento County	$33,033,628	$47,932
	El Dorado County	5,353,528	54,408
	Yolo County	4,798,125	47,879
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	Sacramento County	$35,596,193	$50,219
	El Dorado County	6,287,714	62,284
	Yolo County	5,164,305	48,638
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Sacramento County	$38,238,821	$54,343
	El Dorado County	6,786,006	68,784
	Yolo County	5,871,305	55,751
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Sacramento County	$40,651,806	$56,387
	El Dorado County	6,884,494	67,948
	Yolo County	6,428,553	58,678
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Commercial Activity

Sacramento County. Total taxable sales during the first three quarters of calendar year 2017 in Sacramento County were reported to be $18.061 billion, a 4.99% increase over the total taxable sales of $17.203 billion reported during the first three quarters of calendar year 2016.

A summary of historic taxable sales within Sacramento County during the past five years in which data is available is shown in the following tables. Annual figures for calendar year 2017 and 2018 are not yet available.

SACRAMENTO COUNTY
Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2012	22,211	$13,366,459	31,507	$19,089,848
2013	22,629	14,171,006	31,709	20,097,095
2014	23,147	14,649,693	32,143	21,061,901
2015[(1)]	23,543	15,221,223	35,584	22,043,196
2016	24,383	16,016,856	36,915	23,184,500

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California.

El Dorado County. Total taxable sales during the first three quarters of calendar year 2017 in El Dorado County were reported to be $1.714 billion, a 6.62% increase over the total taxable sales of $1.607 billion reported during the first three quarters of calendar year 2016.

A summary of historic taxable sales within El Dorado County during the past five years for which data is available is shown in the following table. Annual figures for calendar year 2017 and 2018 are not yet available.

COUNTY OF EL DORADO
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2012	3,939	$1,267,343	5,627	$1,740,172
2013	4,144	1,373,546	5,783	1,877,143
2014	4,320	1,421,406	5,974	1,946,126
2015[(1)]	2,343	1,481,255	6,619	2,058,534
2016	4,327	1,559,352	6,760	2,184,807

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Yolo County. Total taxable sales during the first three quarters of calendar year 2017 in Yolo County were reported to be $3.068 billion, a 4.36% increase from the total taxable sales of $2.940 billion reported during the first three quarters of calendar year 2016.

A summary of historic taxable sales within Yolo County during the past five years for which data is available is shown in the following table. Annual figures for calendar year 2017 and 2018 are not yet available.

YOLO COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
Year	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	2,510	$1,937,656	4,012	$3,475,345
2013	2,594	2,055,518	4,075	3,700,252
2014	2,621	2,146,998	4,119	3,781,449
2015(1)	1,799	2,197,865	4,512	3,984,801
2016	2,733	2,281,957	4,646	3,937,145

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

Sacramento County. The following table shows a five-year summary of the valuation of building permits issued in Sacramento County. Annual figures for calendar year 2018 are not yet available.

SACRAMENTO COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$388,935.7	$361,339.4	$547,340.7	$611,073.6	$744,006.3
New Multi-family	13,637.4	30,113.7	108,510.7	83,282.9	242,222.8
Res. Alterations/Additions	201,418.7	179,207.0	241,507.7	255,821.8	214,028.1
Total Residential	$603,991.8	$570,660.1	$897,359.1	$950,178.3	$1,200,257.2
New Commercial	$146,191.2	$186,318.0	$165,016.0	$489,080.1	$298,496.5
New Industrial	1,360.7	2,178.5	0.00	150.0	3,026.0
New Other	22,007.6	73,961.0	92,108.8	126,750.6	112,607.4
Com. Alterations/Additions	279,324.0	261,776.1	394,305.5	418,862.1	265,276.7
Total Nonresidential	$448,883.5	$524,233.6	$651,430.3	$1,034,842.8	$679,406.6
New Dwelling Units					
Single Family	1,764	1,547	2,358	276	3,174
Multiple Family	145	226	815	609	1,761
TOTAL	1,909	1,773	3,173	885	4,935

Source: Construction Industry Research Board, Building Permit Summary.

El Dorado County. The following table shows a five-year summary of the valuation of building permits issued in El Dorado County. Annual figures for calendar year 2018 are not yet available.

EL DORADO COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$116,123.0	$155,902.6	$237,724.2	$315,047.3	$307,620.9
New Multi-family	4,913.4	5,605.8	0.0	0.0	650.0
Res. Alterations/Additions	51,096.6	44,067.1	35,275.2	35,732.9	35,706.8
Total Residential	$172,133.0	$205,575.5	$272,999.4	$350,780.2	343,977.8
New Commercial	$63,119.4	$12,847.7	$39,880.2	$17,550.6	$15,295.6
New Industrial	340.0	244,305.0	0.0	167.6	0.0
New Other	14,386.6	19,730.3	28,128.8	49,335.5	40,288.3
Com. Alterations/Additions	19,524.6	22,756.5	17,758.5	24,003.1	22,931.0
Total Nonresidential	$97,370.6	$299,639.5	$85,767.5	$91,056.8	$78,514.9
New Dwelling Units					
Single Family	293	396	574	799	814
Multiple Family	46	32	0	0	6
TOTAL	339	428	574	799	820

Source: Construction Industry Research Board, Building Permit Summary.

Yolo County. The following table shows a five-year summary of the valuation of building permits issued in Yolo County. Annual figures for calendar year 2018 are not yet available.

YOLO COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2013	2014	2015	2016	2017
Permit Valuation:					
New Single-family	$86,248.0	$70,403.7	$106,087.1	$158,444.1	$101,989.5
New Multi-family	61,974.4	215.0	16,608.6	23,248.1	36,919.7
Res. Alterations/Additions	22,517.0	21,821.5	27,605.8	36,036.0	30,530.9
Total Residential	$170,739.4	$92,440.20	$150,301.5	$217,728.2	$169,440.0
New Commercial	$44,776.7	$82,228.0	$25,413.5	$66,119.3	$84,944.6
New Industrial	3,683.7	5,131.8	410.5	1,200.0	29,816.7
New Other	19,160.8	12,445.2	16,154.4	31,119.8	13,414.8
Alterations/Additions	64,466.6	59,904.1	50,896.2	26,781.0	42,268.7
Total Nonresidential	$132,087.8	$159,709.1	$92,874.6	$125,200.1	$170,444.8
New Dwelling Units					
Single Family	306	218	355	576	370
Multiple Family	516	2	81	122	159
TOTAL	822	220	436	698	529

Source: Construction Industry Research Board.

APPENDIX D

FORMS OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

__________, 2019

Board of Trustees
Los Rios Community College District
1919 Spanos Court
Sacramento, California 95825

OPINION: $_____________ Los Rios Community College District
(Sacramento County, California)
General Obligation Bonds, 2008 Election, Series D

Members of the Board of Trustees:

We have acted as bond counsel to the Los Rios Community College District (the "District") in connection with the issuance by the District of its Los Rios Community College District (Sacramento County, California) General Obligation Bonds, 2008 Election, Series D, dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and under a resolution adopted by the Board of Trustees of the District on April 10, 2019 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Bond Resolution and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a community college district with the power to issue the Bonds and to perform its obligations under the Bond Resolution.

2. The Bond Resolution has been duly adopted by the Board of Trustees of the District and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Sacramento is obligated to cause the levy of *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$__________
LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
General Obligation Bonds
2008 Election, Series D

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Los Rios Community College District (the "District") in connection with the issuance of the above-captioned bonds (the "Bonds"). The Bonds are being issued under resolutions adopted by the Board of Trustees of the District on November 8, 2017 (the "Bond Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Dissemination Agent*" means, initially Dale Scott & Company, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" means RBC Capital Markets, LLC, the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020 with the report for the 2018-19 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

(i) Assessed value of taxable property in the jurisdiction of the District;

(ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District;

(iii) Property tax collection delinquencies for the District, but only if available from the County at the time of filing the Annual Report and only if the District's general obligation bond levies are not included in San Mateo County's Teeter Plan;

(iv) The District's most recently adopted Budget or approved interim report with budgeted figures which is available at the time of filing the Annual Report; and

(v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Bond Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (15)(a) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that District determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing herein prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate inures solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and creates no rights in any other person or entity.

Date: _______, 2019

LOS RIOS COMMUNITY COLLEGE DISTRICT

By: ________________________________
Vice Chancellor,
Finance and Administration

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Los Rios Community College District

Name of Bond Issue: $__________ Los Rios Community College District
(Sacramento County, California)
General Obligation Bonds, 2008 Election, Series D

Date of Issuance: ______ __, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the resolution adopted by the Board of Trustees of the District authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated: _________________

DALE SCOTT & CO., INC., as
Dissemination Agent

By: ________________________________
Authorized Officer

cc: Los Rios Community College District

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and

dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

APPENDIX G

SACRAMENTO COUNTY INVESTMENT POLICY AND INVESTMENT REPORT