

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 9, 2021

NEW ISSUE - FULL BOOK-ENTRY

RATINGS: S&P: "___"

Moody'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 herein, under existing law, the interest on the Bonds (as defined herein) 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" herein.

\$120,000,000*

\$20,000,000*

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

LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
2021 Refunding General Obligation Bonds

Dated: Date of Delivery

Due: As shown on inside front cover.

Authority and Purpose. The captioned bonds (together, the "Bonds") are being issued by the Los Rios Community College District (the "District") of Sacramento County (the "County"), California, pursuant to applicable provisions of the California Government Code and two separate resolutions adopted by the Board of Trustees of the District on April 14, 2021. The General Obligation Bonds, Election of 2008, Series E (the "Series E Bonds") were authorized at an election of the registered voters of the District held on November 4, 2008, which authorized the issuance of \$475,000,000 principal amount of general obligation bonds for the purpose of financing improvements to school facilities and the acquisition of equipment (the "2008 Bond Authorization"). The captioned 2021 Refunding General Obligation Bonds (the "Refunding Bonds") are being issued by the District for the purpose of refinancing certain outstanding general obligation bonds of the District as more particularly identified herein and paying related costs of issuance. See "THE FINANCING AND REFINANCING PLAN" and "THE BONDS – Authority for Issuance" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The Board of Supervisors of Sacramento County, being the county in which the majority of District property is located, as well as the other Boards of adjoining counties 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 that are similarly secured by tax levies. See "SECURITY FOR THE BONDS."

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 "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. The Bonds are dated the date of delivery and will accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2021. Payments of principal of and interest on the Bonds will be made by the County of Sacramento, Director of Finance, Sacramento, California, as the designated paying agent, registrar and transfer agent (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 – Optional Redemption" and "-Mandatory Sinking Fund Redemption."

MATURITY SCHEDULE

(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued and accepted by the Underwriters, respectively, 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. Kutak Rock LLP, Irvine, California, is serving as Underwriters' counsel in connection with the issuance of the Bonds. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about July 1, 2021.*

**Series E Bond Lead Underwriter
and Refunding Bond Sole Underwriter**

Series E Bond Co-Underwriter

UBS Financial Services, Inc.

Piper Sandler & Co.

The date of this Official Statement is _____, 2021.

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULES*

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

Base CUSIP[†]: 545624

Maturity Date	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]
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\$ _____ - ____% Term Bonds maturing August 1, 20__; Yield: ____%; CUSIP[†]: ____

[continued on the next page]

*Preliminary; subject to change.

[†] CUSIP Copyright 2021, CUSIP Global Services is a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Global Market Intelligence. Neither the District nor the Underwriters take any responsibility for the accuracy of the CUSIP data.

MATURITY SCHEDULES*
(continued)

LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
2021 Refunding General Obligation Bonds

Base CUSIP†: 545624

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
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*Preliminary; subject to change.

† CUSIP Copyright 2021, CUSIP Global Services is a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Global Market Intelligence. Neither the District nor the Underwriters take any responsibility for the accuracy of the CUSIP data.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
SACRAMENTO COUNTY*, CALIFORNIA**

DISTRICT BOARD OF TRUSTEES

Deborah Ortiz, President; *Area 6*
Tami Nelson, Vice President; *Area 7*
Dustin Johnson, Trustee; *Area 1*
Robert Jones, Trustee; *Area 2*
John Knight, Trustee; *Area 3*
Kelly Wilkerson, Trustee; *Area 4*
Pamela Haynes, Trustee; *Area 5*

DISTRICT ADMINISTRATIVE STAFF

Dr. Brian King, *Chancellor*
Mario Rodriguez, *Vice Chancellor, Finance and Administration*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Dale Scott & Company, Inc.
San Francisco, California

BOND COUNSEL 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

ESCROW VERIFICATION

Causey Demgen & Moore, P.C.
Denver, Colorado

*Seventy-eight percent of the District's fiscal year 2020-21 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.

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 Underwriters.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriters 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 Underwriters.

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 Underwriters. The Underwriters have provided the following statement for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under 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 over allot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriters 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 Underwriters.

Document Summaries. All summaries of the Bond Resolutions 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 and certain social media accounts. However, the information presented therein is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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OFFICIAL STATEMENT

\$120,000,000*

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

\$20,000,000*

LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
2021 Refunding General Obligation Bonds

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned General Obligation Bonds, Election of 2008, Series E (the “**Series E Bonds**”) and the captioned 2021 Refunding General Obligation Bonds (the “**Refunding Bonds**”, and together with the Series E Bonds, the “**Bonds**”) by the Los Rios Community College District (the “**District**”).

INTRODUCTION

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 and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of 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 (78.9% of the District’s fiscal year 2020-21 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 2020-21 is over \$219 billion. For more information regarding the District and its finances, see APPENDIX A and APPENDIX B hereto. See also APPENDIX C for demographic and other statistical information regarding Sacramento County, El Dorado County and Yolo County

Purposes. The net proceeds of the Series E Bonds will be used to finance construction and improvements to District facilities as authorized by more than the requisite 55% of the voters of the District at an election held in the District on November 4, 2008 (the “**2008 Bond Election**”). The net proceeds of the Refunding Bonds will be used to refinance on a current basis certain general obligation bonds previously issued by the District. See “THE FINANCING AND REFINANCING PLAN” herein.

Authority for Issuance of the Bonds. The Bonds will be issued pursuant to the applicable provisions of the California Government Code and two separate resolutions adopted by the Board of Trustees of the District on April 14, 2021 (together, the “**Bond Resolutions**”). See “THE BONDS - Authority for Issuance” herein.

*Preliminary; subject to change.

COVID-19 Statement. The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the District cannot at this time predict the impacts that the COVID-19 pandemic may have on its enrollment, operations and finances, property values in the District, and economic activity in the District, the State and the nation, among others. For more disclosure regarding the COVID-19 emergency, see “SECURITY FOR THE BONDS – Disclosure Relating to COVID-19” herein. See also references to COVID-19 in the sections herein entitled “PROPERTY TAXATION”, and in APPENDIX B under the heading “GENERAL DISTRICT INFORMATION” and “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS.”

Payment and Registration of the Bonds. The Bonds 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” and “APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Optional Redemption” and “– Mandatory Sinking Fund Redemption.”

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable by the District solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the Counties. The Counties are empowered and obligated to annually levy *ad valorem* property taxes for the payment by the District of the principal of and interest on the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See “SECURITY FOR THE BONDS.”

The District has other series of general obligation bonds outstanding that are payable from *ad valorem* property taxes levied on taxable property in the District. See “DEBT SERVICE SCHEDULES” and “DISTRICT FINANCIAL INFORMATION – Long-Term Indebtedness - General Obligation Bonds” in APPENDIX B.

The District can make no representation regarding the affect that the current COVID-19 outbreak may have on the assessed valuation of property within the District. See “SECURITY FOR THE BONDS – Disclosure Relating to COVID-19.”

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, subject, however to certain qualifications described herein, 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. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See “TAX MATTERS” 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 by request to the Office of the District Superintendent at Los Rios Community College District, 835 E. 14th Street, Room 200, San Leandro, California 94577, telephone: 510-667-3500. The District may impose a charge for copying, mailing and handling.

THE FINANCING AND REFINANCING PLAN

As described herein, the net proceeds of the Series E Bonds will be used to finance school facility improvements, and to pay related costs of issuance. Proceeds of the Refunding Bonds will be used to refund certain maturities of outstanding bonds as more particularly described below, and to pay related costs of issuance.

The Series E Bonds

The proceeds of bonds issued pursuant to the authority of the 2008 Bond Election will be used to finance projects approved by the District's voters. 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 2008 Bond Election, the voters authorized a list of projects (the **“Project List”**) eligible to be funded with proceeds of the voter-approved bonds, 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 four series of bonds pursuant to the authority of the 2008 Bond Election in the prior to the issuance of the Bonds described herein.

The Refunding Bonds

The Refunded Bonds. The Refunding Bonds are being issued by the District to refund on a current basis certain maturities of the following bonds (the **“Prior Bonds”**, and with respect to the maturities to be refunded, the **“Refunded Bonds”**):

- Los Rios Community College District (Sacramento County, California) 2011 General Obligation Refunding Bonds originally issued in the aggregate principal amount of \$40,195,000 on September 21, 2011.

The Refunded Bonds are identified more particularly in the following table.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Identification of Refunded Bonds***

Maturities Payable from Escrow (August 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP†
2023	\$3,380,000	5.000%	08/01/2021	100.0%	545624 KK3
2024	3,535,000	5.000	08/01/2021	100.0	545624 KL1
2025	3,690,000	5.000	08/01/2021	100.0	545624 KM9
2026	3,860,000	5.000	08/01/2021	100.0	545624 KN7
2027	4,035,000	5.000	08/01/2021	100.0	545624 KP2
Total:	\$18,500,000	--	--	--	--

*Preliminary; subject to change.

† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies, Inc. Neither the District nor the Underwriters are responsible for the accuracy of such data.

Deposits in Escrow Fund. The District will deliver the net proceeds of the Refunding Bonds to U.S. Bank National Association, as escrow agent (the “**Escrow Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under an Escrow Agreement (the “**Escrow Agreement**”), between the District and the Escrow Agent. The Escrow Agent will invest such funds in certain United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations issued by any agency or department of the United States which are secured, directly or indirectly, by the full faith and credit of the United States (“**Escrow Fund Securities**”) and will apply such funds, together with interest earnings on the investment of such funds in Escrow Fund Securities, to pay the principal of and interest on the Refunded Bonds, including the redemption price of the Refunded Bonds, as set forth above, together with accrued interest to the redemption date identified above.

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Demgen & Moore, P.C., Denver, Colorado (the “**Verification Agent**”). See “**VERIFICATION OF MATHEMATICAL ACCURACY**” herein. As a result of the deposit of funds with the Escrow Agent on the date of issuance of the Refunding Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

The Escrow Fund Securities and cash held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the Refunded Bonds and will not be available for the payment of debt service with respect to the Refunding Bonds.

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

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

Sources of Funds	Series E Bonds	Refunding Bonds
Principal Amount of Bonds		
Plus Net Original Issue Premium		
Total Sources		
Uses of Funds		
Deposit to Building Fund		
Deposit to Escrow Fund		
Deposit to Debt Service Fund		
Costs of Issuance ⁽¹⁾		
Total Uses		

(1) Estimated costs of issuance include, but are not limited to, Underwriters' discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, Municipal Advisor, Paying Agent, and the rating agencies.

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

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THE BONDS

Authority for Issuance

The Series E Bonds will be issued pursuant to the 2008 Bond Authorization and under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53506 of said Code, and the applicable Bond Resolution authorizing the issuance of the Series E Bonds (the “**Series E Bond Resolution**”).

The Refunding Bonds will be issued under the provisions of the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and the applicable Bond Resolution authorizing the issuance of the Refunding Bonds (the “**Refunding Bond Resolution**”).

Description of the Bonds

The Bonds mature in the years and in the amounts and bear interest at the rates per annum all as set forth on the inside cover page hereof. Interest shall be computed based on a 360-day year of twelve 30-day months. 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 “Book-Entry Only System” below and “APPENDIX F – DTC and the Book-Entry Only System.”

The Bonds will be issued in the denomination of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2021 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 15th calendar day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2021, in which event it will bear interest from the date of delivery thereof identified on the cover page. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by 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 maturity schedules on the inside cover page of this Official Statement and “DEBT SERVICE SCHEDULES” herein.

Book-Entry Only System

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 of the Bonds (the “**Beneficial Owners**”) will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the County of Sacramento, Director of Finance, Sacramento, California (the “**Paying Agent**”) to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as 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. See "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

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

Optional Redemption

The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__ 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, 20__, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of \$5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption

The Bonds maturing on August 1, 20__, and August 1, 20__ (the "Term Bonds"), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bonds Maturing August 1, 20__	
Redemption Date (August 1)	Sinking Fund Redemption
<hr/>	

Term Bonds Maturing August 1, 20__	
Redemption Date (August 1)	Sinking Fund Redemption
<hr/>	

If any Term Bonds are redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated

among such payments on a pro rata basis in integral multiples of \$5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Notice of Redemption

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, 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 may be a conditional notice of redemption and subject to rescission as set forth below. 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.

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest on the Bonds so called for redemption have been duly provided, the Bonds called for redemption will cease to be entitled to any benefit under the Bond Resolution other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the Owner thereof a new Bond or Bonds of like maturity and of authorized denominations equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption will be valid upon payment of the amount required to be paid to such Owner, and the County and the District will 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 Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of optional redemption will 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 owners of the Bonds or any other party related to or arising from any such rescission of redemption. The Paying Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Registration, Transfer and Exchange of Bonds

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

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Dallas, Texas (or at such other office as is designated by the Paying Agent) for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity and series. 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 until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

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 the 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 the 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 County and 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 Federal 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), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of 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 Bond Resolution, the term “**Federal Securities**” means (a) any direct general non-callable 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; (b) any obligations the timely payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; (d) pre-refunded municipal bonds rated in the highest rating category by any Rating Agency; and (e) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vi) obligations of the Federal Home Loan Bank (FHLB).

DEBT SERVICE SCHEDULES

The following tables show the annual debt service schedule with respect to the Bonds (assuming no optional redemptions).

LOS RIOS COMMUNITY COLLEGE DISTRICT Series E Bonds Debt Service Schedule

Payment Date (August 1)	Principal	Interest	Total Debt Service
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			

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Refunding Bonds Debt Service Schedule**

Payment Date (August 1)	Principal	Interest	Total Debt Service
2021			
2022			
2023			
2024			
2025			
2026			
2027			
Total			

Combined General Obligation Bonds Debt Service. The District has other series of general obligation bonds and refunding bonds outstanding. The following table shows the combined debt service schedule with respect to the District’s outstanding general obligation bonds and the Bonds, assuming no optional redemptions. See Appendix B under the heading “DISTRICT FINANCIAL INFORMATION – Long-Term Indebtedness” for additional information.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Combined Debt Service Schedule**

Period Ending (Aug. 1)	Outstanding Bonds Annual Debt Service*	Refunding Bonds Annual Debt Service	Aggregate Annual 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			

**Includes debt service on the Refunded Bonds.*

APPLICATION OF PROCEEDS OF THE BONDS

Building Fund

Pursuant to the Series E Bond Resolution, the net proceeds from the sale of the Series E Bonds will be paid and credited to fund established and held by the Sacramento County Treasurer (the “**County Treasurer**”) and designated as the “2008 Election, Series E 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 Series E Bond proceeds are authorized to be expended under the bond authorization, including the capital facility and technology projects described therein, and further including all incidental expenses and related costs of issuance. All interest and other gain arising from the investment of proceeds of the Series E 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 and applicable provisions of the Education Code, a portion of the proceeds of the Series E Bonds may be deposited with a fiscal agent for the purpose of paying costs of issuance. See also “APPENDIX G - SACRAMENTO COUNTY INVESTMENT POOL - INVESTMENT POLICY AND INVESTMENT REPORT” herein.

Debt Service Funds

As further described herein under the heading “SECURITY FOR THE BONDS - Debt Service Funds,” the County will establish debt service funds for each series of the Bonds (the “**Debt Service Funds**”). Accrued interest and premium, if any, received by the County from the sale of the Series E Bonds will be deposited in the Debt Service Fund for the Series E Bonds. Said funds, together with the collections of *ad valorem* property taxes, will be used only for payment of principal of and interest on the related series of the Bonds. Interest earnings on the investment of monies held in the Debt Service Funds will be retained in the applicable Debt Service Fund and used to pay the principal of and interest on applicable series of the Bonds when due. Pursuant to the Bond Resolutions, the District has pledged funds on deposit in each Debt Service Fund to the payment of the respective series of Bonds. Any moneys remaining in the Debt Service Funds after the applicable series of Bonds including the interest thereon have been paid, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District’s general fund.

Escrow Fund

A portion of the proceeds of the Refunding Bonds will be deposited in escrow to provide for the redemption of the Refunded Bonds on the redemption date. See “THE FINANCING AND REFINANCING PLAN - Deposits to Escrow Fund” herein.

Investment of Proceeds of Bonds

All moneys held in any of the funds or accounts established with the County under the Bond Resolutions 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 respective 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 Education Code Section 41001, substantially all District operating funds are required to be held by the Sacramento County Director of Finance. Each county is required to invest such funds in accordance with Government Code 53601, *et seq.* Funds held in the County Pool are invested by the Director of Finance in accordance with State law and the County's investment policy, which is prepared by the Director of Finance and approved annually by the County Board of Supervisors.

Sacramento County's investment policy and current portfolio holdings are accessible on the web site for Sacramento County's Department of Finance: www.finance.sacounty.net/. *Information on the web site is provided by the Finance Director of Sacramento County, such information is not incorporated in this Official Statement and the District takes no responsibility for the accuracy or completeness thereof.* See also "APPENDIX G - SACRAMENTO COUNTY INVESTMENT POOL-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 on taxable property in the District and collected by the Counties. The Counties are empowered and are obligated to annually levy *ad valorem* property taxes for the payment by the District 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).

Other Bonds Payable from Ad Valorem Property Taxes. The District has a number of general obligation bond issues outstanding which are payable from *ad valorem* property 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* property taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

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

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 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* property tax levied by the Counties for the District 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 property 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, earthquake, flood, fire, outbreak of disease or other natural disaster or man-made disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value." See also below under the heading "--Disclosure Relating to COVID-19."

Debt Service Funds

As previously described here (see "APPLICATION OF PROCEEDS OF THE BONDS – Debt Service Fund"), the County will establish the Debt Service Funds, into which will be deposited all taxes levied by the Counties for the payment by the District of the principal of and interest on the Bonds. The Debt Service Funds are pledged by the District for the payment by it of the principal of and interest and premium (if any) on the respective series of Bonds when and as the same become due. The County will receive the tax proceeds collected by the Counties and will deposit said amounts into the Debt Service Funds, and will transfer amounts in the Debt Service Funds to the Paying Agent to the extent necessary to enable the District to pay the principal of and interest and premium (if any) on the applicable series of Bonds as the same becomes due and payable.

Not a County Obligation

No part of any fund or account of the Counties are pledged or obligated to the payment of the Bonds. The Bonds are payable solely from the proceeds of an *ad valorem* property tax levied and collected by the Counties, for the payment by the District of principal of and interest on the Bonds. Although the Counties are obligated to collect the *ad valorem* property tax for the payment of the Bonds, the Bonds are not a debt (or a pledge of the full faith and credit) of the Counties.

Disclosure Relating to COVID-19

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (“**COVID-19**”), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the “**President**”) and a state of emergency by the Governor of the State (the “**Governor**”). There has been tremendous volatility in the markets in the United States and globally, resulting in the onset of a national and global recession.

National Response. The President’s declaration of a national emergency on March 13, 2020 made available more than \$50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a \$2 trillion relief package, being the largest stimulus bill in history, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the “**CARES Act**”). The package provided direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, \$367 billion for loans to small businesses, a \$500 billion fund to assist distressed large businesses, including approximately \$30 billion for emergency grants to educational institutions and local educational agencies. This funding allocation included approximately \$13.5 billion in formula funding to make grants available to each state’s educational agency in order to facilitate K-12 schools’ responses to the COVID-19 pandemic.

On April 9, 2020, the Federal Reserve took actions aimed at providing up to \$2.3 trillion in loans to support the national economy, including supplying liquidity to participating financial institutions in the Small Business Administration’s (“**SBA**”) Paycheck Protection Program (“**PPP**”), purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

On April 24, 2020, an additional \$484 billion federal aid package was signed, providing additional funding for the PPP, the SBA disaster assistance loans and grant program, hospital grants and funding for a COVID-19 testing program.

On December 27, 2020, the President signed the Coronavirus Response and Relief Supplemental Appropriations Act (the “**CRRSA Act**”), an additional \$900 billion federal relief package intended to follow and expand on provisions of the CARES Act. The second largest stimulus bill in history, the measure includes another round of direct stimulus payments to individuals and families, extends unemployment benefits, expands the PPP, and provides approximately \$82 billion in supplemental aid to support the educational needs of states, school districts, and institutions of higher education, among other stimulus measures.

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (the “**ARP Act**”), a \$1.9 trillion economic stimulus plan will provide another round of stimulus checks to individuals and families, extend federal supplemental unemployment benefits, provide more funding for state and local governments, expand subsidies for healthcare insurance, and provide additional funding for COVID-19 testing, vaccination, and treatment, among several other

provisions that will affect many industries, businesses, and individuals. With respect to relief for educational agencies, grants of \$125.8 billion will be provided to states to support statewide and local funding for elementary and secondary schools and public postsecondary institutions. Funding can be used for a number of education-related expenses, including inspecting and improving school facilities to ensure adequate air quality, providing mental health services, reducing class sizes, implementing social distancing guidelines, and purchasing personal protective equipment. At least 20 percent of the funding will have to be used to address learning loss, including through summer learning or enrichment, after-school programs, or extended-day or extended-year programs. States that receive the grants cannot reduce their spending levels on education as a proportion of their budgets during fiscal 2022 or 2023, compared with the average level from fiscal 2017 through 2019.

State Response. At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250. On March 16, 2020, the State legislature passed \$1.1 billion in general purpose spending authority providing emergency funds to respond to the pandemic. On March 19, 2020, the Governor issued a state-wide blanket shelter-in-place order, ordering all California residents to stay home except for certain essential purposes. On August 28, 2020, the Governor released a system entitled “Blueprint for a Safer California” (the “**State Blueprint**”) aimed at reducing the spread of COVID-19. The State Blueprint places the State’s 58 counties into four color-coded tiers – purple, red, orange, and yellow, in descending order of severity – generally based on test positivity and adjusted case rate in the county. Each tier imposes restrictions on certain activities to reduce the spread. Tier 1 (Purple) is the most restrictive. Counties can be assigned to a tier any day of the week.

On February 23, 2021, the Governor signed legislation providing \$7.6 billion in State funding aimed at helping individuals and businesses that were not included in federal aid. It includes sending a \$600 rebate to low-income, disables and undocumented persons when 2020 taxes are filed, \$2 billion in grants to help small business, \$35 million for food and diaper banks and \$400 million in subsidies for childcare providers. It also reverses cuts made last summer to public universities and State courts when the State experienced a record-breaking budget deficit.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor’s office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.*

Impacts of COVID-19 Pandemic on Global and Local Economies Cannot be Predicted; Potential Declines in State and Local Revenues. The COVID-19 public health emergency is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies, including the economy of the State. A substantial increase in unemployment and a decline in State revenues including derived from personal income tax receipts have occurred. The District cannot predict the short or long term impacts the COVID-19 emergency and the responses of federal, State or local governments thereto, will have on global, State-wide and local economies, which could impact District operations and finances, and local property values. For more detail regarding the State’s current budget, and related reports and

outlooks, see Appendix B under the heading “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS.”

In addition, the District cannot predict the legislative changes that might result as a result of the COVID-19 pandemic which could impact its operations and finances. In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed an executive order suspending penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. See “PROPERTY TAXATION – Property Tax Collection Procedures – Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes.”

Impacts of COVID-19 Emergency Uncertain. The possible impacts that the COVID-19 pandemic might have on the District’s finances, programs, credit ratings on its debt obligations, local property values and the economy in general are uncertain at this time. In addition, there may be unknown consequences of the COVID-19 pandemic, which the District is unable to predict.

General Obligation Bonds Secured by Ad Valorem Tax Revenues. Notwithstanding the impacts the COVID-19 pandemic may have on the economy in the State, the County and the District or on the District’s general purpose revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. The District cannot predict the impacts that the COVID-19 pandemic might have on local property values or tax collections. See “SECURITY FOR THE BONDS – *Ad Valorem* Taxes” and “PROPERTY TAXATION – Teeter Plan; Tax Levies and Delinquencies” herein.

PROPERTY TAXATION

Property Tax Collection Procedures

Generally. In California, property which is subject to *ad valorem* property taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing state assessed public utilities’ property and real property, the taxes on which create a lien on such 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 County.

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 superior court 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.

Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes. In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20 ("**Order N-61-20**"). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19.

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, including Order N-61-20, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict the impact of Order N-61-20 on property tax revenues in the County or the District, whether future amendments or orders will occur, and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

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 Valuation

Assessed Valuation History. The table below shows a recent history of the District’s assessed valuation as of the date the equalized assessment tax roll is established in August of each year, excluding any exemptions granted after such date in each year.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 1998-99 to 2020-21**

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
2019-20	207,696,746,755	6.2
2020-21	219,570,556,876	5.7

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. Economic Conditions; Disasters. 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, and man-made or natural disasters such as earthquakes, fires, floods and drought. Seismic activity is also a risk in the region where the District is located. 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, and wildfires in different regions of the State, and related flooding and mudslides. The most

destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. In addition, according to the U.S. Drought Monitor, as of March 2021, parts of the State, including within the County, are experiencing moderate to extreme drought conditions. The District cannot predict or make any representations regarding the effects that wildfires, droughts, or any other type of natural or manmade disasters, including the COVID-19 pandemic (see next paragraph), 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 on economic activity in the District or throughout the State.

Currently the world is experiencing a global pandemic as a result of the outbreak of COVID-19 which has resulted in an economic recession that could cause general marked declines in property values. For disclosure relating to the COVID-19 pandemic, see also “SECURITY FOR THE BONDS – Disclosure Relating to COVID-19.”

The District cannot predict or make any representations regarding the effects that any 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 Jurisdiction. The table below shows the assessed value of property within the District by jurisdiction.

LOS RIOS COMMUNITY COLLEGE DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2020-21

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Citrus Heights	\$ 7,736,264,003	3.52%	\$7,736,264,003	100.00%
City of Davis	9,483,845,604	4.32	\$9,483,845,604	100.00%
City of Elk Grove	22,575,446,282	10.28	\$22,575,446,282	100.00%
City of Folsom	15,607,678,901	7.11	\$15,607,678,901	100.00%
City of Placerville	1,243,123,695	0.57	\$1,243,123,695	100.00%
City of Rancho Cordova	9,830,093,802	4.48	\$9,830,093,802	100.00%
City of Sacramento	58,814,794,231	26.78	\$58,814,794,231	100.00%
City of West Sacramento	7,930,488,246	3.61	\$7,930,488,246	100.00%
Unincorporated El Dorado County	25,853,197,866	11.77	\$29,798,061,203	86.76%
Unincorporated Placer County	110,354,452	0.05	\$35,502,391,671	0.31%
Unincorporated Sacramento County	58,763,947,232	26.76	\$64,817,705,808	90.66%
Unincorporated Solano County	32,062,951	0.01	\$5,433,371,183	0.59%
Unincorporated Yolo County	1,603,179,399	0.73	\$5,426,175,158	29.55%
Total	\$219,584,476,664	100.00%		
 Summary by County:				
El Dorado County	\$27,096,321,561	12.34%	\$36,435,317,572	74.37%
Placer County	110,354,452	0.05	\$84,955,260,009	0.13%
Sacramento County	173,328,224,451	78.93	\$181,845,828,757	95.32%
Solano County	32,062,951	0.01	\$60,906,867,673	0.05%
Yolo County	19,017,513,249	8.66	\$30,383,547,544	62.59%
Total	219,584,476,664	100.00%		

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

Assessed Valuation by Land Use. The table below shows the land use of property within the District, as measured by assessed valuation and the number of parcels.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2020-21**

	2020-21	% of	No. of	% of
Non-Residential:	Assessed Valuation (1)	Total	Parcels	Total
Agricultural/Rural	\$ 1,032,250,895	0.49%	1,915	0.36%
Commercial/Office Buildings	32,057,783,312	15.15	12,436	2.32
Vacant Commercial	1,106,081,116	0.52	2,654	0.49
Industrial	18,857,826,238	8.91	7,011	1.31
Vacant Industrial	1,342,276,656	0.63	3,287	0.61
Recreational	1,105,018,049	0.52	771	0.14
Government/Social/Institutional	518,453,345	0.24	9,714	1.81
Miscellaneous	<u>49,372,482</u>	<u>0.02</u>	<u>5,555</u>	<u>1.04</u>
Subtotal Non-Residential	\$56,069,062,093	26.49%	43,343	8.08%
Residential:				
Single Family Residence	\$133,846,795,795	63.24%	423,008	78.89%
Condominium/Townhouse	2,277,534,350	1.08	14,823	2.76
Mobile Home	407,526,101	0.19	6,399	1.19
Mobile Home Park	263,653,699	0.12	112	0.02
2-4 Residential Units	3,658,662,565	1.73	18,988	3.54
5+ Residential Units/Apartments	10,933,135,835	5.17	3,421	0.64
Miscellaneous Residential Improvements	520,983,218	0.25	3,079	0.57
Vacant Residential	<u>3,677,814,668</u>	<u>1.74</u>	<u>22,997</u>	<u>4.29</u>
Subtotal Residential	\$155,586,106,231	73.51%	492,827	91.92%
Total	\$211,655,168,324	100.00%	536,170	100.00%

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

Assessed Valuation of Single-Family Residential Parcels. The table below shows the breakdown of the assessed valuations of improved single-family residential parcels in the District, including the median and average assessed value per parcel.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Per Parcel 2020-21 Assessed Valuation of Single Family Homes**

	<u>No. of Parcels</u>	<u>2020-21 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	423,008	\$133,846,795,795	\$316,417	\$280,803

<u>2020-21 Assessed Valuation</u>	<u>No. of Parcels (1)</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	782	0.185%	0.185%	\$ 13,512,399	0.010%	0.010%
\$25,000 - \$49,999	7,696	1.819	2.004	314,478,897	0.235	0.245
\$50,000 - \$74,999	14,987	3.543	5.547	942,608,189	0.704	0.949
\$75,000 - \$99,999	17,538	4.146	9.693	1,534,908,448	1.147	2.096
\$100,000 - \$124,999	19,900	4.704	14.398	2,244,531,763	1.677	3.773
\$125,000 - \$149,999	22,276	5.266	19.664	3,068,770,282	2.293	6.066
\$150,000 - \$174,999	24,059	5.688	25.351	3,910,644,883	2.922	8.987
\$175,000 - \$199,999	24,659	5.829	31.181	4,621,088,321	3.453	12.440
\$200,000 - \$224,999	24,506	5.793	36.974	5,206,316,172	3.890	16.330
\$225,000 - \$249,999	24,567	5.808	42.782	5,839,174,240	4.363	20.692
\$250,000 - \$274,999	24,760	5.853	48.635	6,495,690,204	4.853	25.545
\$275,000 - \$299,999	23,750	5.615	54.250	6,818,862,591	5.095	30.640
\$300,000 - \$324,999	22,860	5.404	59.654	7,141,814,050	5.336	35.976
\$325,000 - \$349,999	20,644	4.880	64.534	6,963,941,978	5.203	41.179
\$350,000 - \$374,999	20,230	4.782	69.316	7,327,286,623	5.474	46.653
\$375,000 - \$399,999	17,601	4.161	73.477	6,815,833,850	5.092	51.745
\$400,000 - \$424,999	15,847	3.746	77.224	6,530,759,917	4.879	56.625
\$425,000 - \$449,999	13,781	3.258	80.481	6,024,045,217	4.501	61.125
\$450,000 - \$474,999	12,032	2.844	83.326	5,559,114,383	4.153	65.279
\$475,000 - \$499,999	10,399	2.458	85.784	5,067,085,439	3.786	69.064
\$500,000 and greater	<u>60,134</u>	<u>14.216</u>	100.000	<u>41,406,327,949</u>	<u>30.936</u>	100.000
	423,008	100.000%		\$133,846,795,795	100.000%	

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

Reassessments and Appeals of Assessed Value

Reassessment or appeals of assessed values 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 XIII A 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 – Article XIII A of the California Constitution" in APPENDIX B.

Under California law, property owners may apply for a Proposition 8 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 the 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 XIII A.

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 or blanket reassessments initiated by the County Assessor. 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) 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 in recent fiscal years.

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

Sacramento County Portion (TRA 3-005)

	2016-17	2017-18	2018-19	2019-20	2020-21
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Sacramento Unified School District	.1277	.1235	.0131	.0232	.0223
Los Rios Community College District	.0141	.0130	.1164	.1139	.1171
Total	\$1.1418	\$1.1365	\$1.1295	\$1.1371	\$1.1394

El Dorado County Portion (TRA 54-135)

	2016-17	2017-18	2018-19	2019-20	2020-21
General	\$1.0000	\$1.0000	\$1.0000	\$1.000000	\$1.000000
Buckeye Union School District	.0207	.0205	.0196	.019911	.019549
El Dorado Union High School District	.0183	.0164	.0147	.015724	.012937
Los Rios Community College District	.0141	.0130	.0131	.023200	.022300
Total	\$1.0531	\$1.0499	\$1.0474	\$1.058835	\$1.054786
El Dorado Irrigation District (Land Only)	.0089	.0038	.0000	.000000	.000000

Yolo County Portion (TRA 4-039)

	2016-17	2017-18	2018-19	2019-20	2020-21
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Washington Unified School District	.1082	.1038	.0920	.0810	.0730
Los Rios Community College District	.0141	.0130	.0131	.0232	.0223
Total	\$1.1223	\$1.1168	\$1.1051	\$1.1042	\$1.0953

Placer County Portion (TRA 67-004)

	2016-17	2017-18	2018-19	2019-20	2020-21
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Elverta Joint Unified School District	.0344	.0207	.0252	.0222	.0277
Twin Rivers Unified School District	.1014	.0867	.0816	.0810	.0813
Los Rios Community College District	.0141	.0130	.0131	.0232	.0223
Total	\$1.1499	\$1.1204	\$1.1199	\$1.1264	\$1.1313

Solano County Portion (TRA 62-000)

	2016-17	2017-18	2018-19	2019-20	2020-21
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Davis Joint Unified School District	.0192	.0170	.0160	.0678	.0658
Solano County Flood Control District	.0200	.0200	.0200	.0200	.0200
Los Rios Community College District	.0141	.0130	.0131	.0232	.0223
Total	\$1.0533	\$1.0500	\$1.0491	\$1.1110	\$1.1081

(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 includes 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
2017-18	17,766,340	143,133	0.81
2018-19	19,126,952	153,263	0.80

(1) Debt service levy only 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.*

The District cannot provide any assurances that the Counties will continue to maintain the Teeter Plan described above or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19."

Major Taxpayers

The following table shows the 20 largest owners of secured taxable property in the District as determined by secured assessed valuation.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater the amount of tax collections that are 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 Secured Property Taxpayers Fiscal Year 2020-21

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2020-21 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	Intel Corporation	Office Building	\$ 817,821,575	0.39%
2.	BRE Delta Industrial Sacramento LP	Industrial	433,256,866	0.20
3.	Oakmont Properties	Apartments	421,024,688	0.20
4.	City of Sacramento & The Sacramento Kings	Sports Arena	399,488,288	0.19
5.	Pac West Office Equities LP	Office Building	379,383,427	0.18
6.	Ethan Conrad	Office Building	378,016,537	0.18
7.	MP Holdings LLC	Office Building	256,952,427	0.12
8.	M&H Realty Partners VI LP	Commercial Properties	254,130,927	0.12
9.	Target Corporation	Commercial Stores	243,343,744	0.11
10.	Apple Computer Inc.	Industrial	235,298,269	0.11
11.	Wal Mart Real Estate Business Trust	Commercial Stores	227,563,681	0.11
12.	Hancock SREIT Sacramento LLC	Office Building	198,750,000	0.09
13.	Harsch Investment Properties LLC	Industrial	189,485,018	0.09
14.	GPT Props Trust	Office Building	187,692,510	0.09
15.	SRI Eleven 621 Capitol Mall LLC	Office Building	167,504,400	0.08
16.	Aerojet General Corp.	Industrial	166,317,849	0.08
17.	Sacramento CA I FGF LLC	Office Building	156,912,416	0.07
18.	Broadstone Land LLC	Shopping Center	153,808,152	0.07
19.	Arden Fair Associates	Shopping Center	153,244,614	0.07
20.	Ragingwire Data Centers Inc.	Industrial	<u>150,929,592</u>	<u>0.07</u>
			<u>\$5,570,924,980</u>	<u>2.63%</u>

(1) 2020-21 local secured assessed valuation: \$211,655,168,324
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. 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.

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LOS RIOS COMMUNITY COLLEGE DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of April 1, 2021

2020-21 Assessed Valuation: \$219,584,476,664

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/21</u>
Los Rios Community College District	100. %	\$ 415,205,000 (1)
Folsom-Cordova Unified School District School Facilities Improvement Districts	100.	507,229,070
Elk Grove Unified School District	100.	176,850,000
Natomas Unified School District	100.	419,274,719
Sacramento Unified School District	100.	455,012,966
San Juan Unified School District	100.	666,805,642
Twin Rivers Unified School District	100.	56,250,000
Other Unified School Districts	Various	257,333,019
High School and Elementary School Districts	Various	484,301,594
Cameron Community Services District	100.	6,171,000
Other Special Districts	100.	17,610,000
Elk Grove Unified School District Community Facilities District No. 1	100.	185,371,133
City of Folsom Community Facilities Districts	100.	144,170,354
City of Sacramento Community Facilities Districts	100.	207,420,000
City of West Sacramento Community Facilities Districts	100.	113,083,898
Other Community Facilities Districts	100.	663,704,772
1915 Act and Benefit Assessment Bonds (Estimate)	100.	<u>478,111,503</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$5,253,904,670
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Sacramento County General Fund Obligations	95.316%	\$ 132,648,811
Sacramento County Pension Obligation Bonds	95.316	679,398,200
Other County Obligations	Various	79,872,853
Sacramento Unified School District Certificates of Participation	100.	57,855,000
Twin Rivers Unified School District Certificates of Participation	100.	8,090,000
Other Unified School District General Fund Obligations	Various	108,256,563
High School District and School District General Fund Obligations	Various	36,784,503
City of Sacramento General Fund Obligations	100.	581,120,000
Other City General Fund Obligations	100.	76,045,224
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	94.401	39,143,374
Special District General Fund Obligations	Various	<u>34,574,776</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$1,833,789,304
Less: Sacramento County supported obligations		14,228,213
City of Elk Grove supported obligations		8,385,000
City of Sacramento supported obligations		417,928,971
City of West Sacramento supported obligations		<u>8,191,557</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$1,385,055,563
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		 \$333,724,112
 GROSS COMBINED TOTAL DEBT		 \$7,421,418,086 (2)
NET COMBINED TOTAL DEBT		\$6,972,684,345

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$415,205,000)	0.19%
Total Direct and Overlapping Tax and Assessment Debt	2.39%
Gross Combined Total Debt.....	3.38%
Net Combined Total Debt.....	3.18%

Ratios to Redevelopment Incremental Valuation (\$15,769,699,688):

Total Overlapping Tax Increment Debt	2.12%
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(1) Excludes the Bonds but includes the Refunded Bonds as described herein. See "THE FINANCING AND REFINANCING PLAN."

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

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 – Bonds. If the initial offering price to the public 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 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 are 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.

Other Tax Considerations

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or may cause the interest on the Bonds to be subject to or exempted from state income taxation, or cause the Bonds to not be “qualified tax-exempt obligations,” or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds, as applicable. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Forms of Opinions

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

CERTAIN LEGAL MATTERS

Legality for Investment

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers 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 subject to lawsuits and claims that arise in the regular course of operating a public school 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. The District cannot predict what litigation, if any, could arise as a result of the COVID-19 pandemic.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel to the District, Kutak Rock LLP, Irvine, California, as Underwriters' Counsel, and Dale Scott & Company, Inc., as Municipal Advisor to the District, is contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute Continuing Disclosure Certificates in connection with the issuance of the Bonds in substantially 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 to the Municipal Securities Rulemaking Board (an "**Annual Report**") not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2022 with the report for the 2020-21 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 "**MSRB**"). 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 Underwriters 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 the District's outstanding general obligation bonds and other indebtedness (see information in APPENDIX B under the heading "DISTRICT FINANCIAL INFORMATION – Long-Term Indebtedness"). In the previous five years, specific instances of non-compliance with prior undertakings are _____.

In order to assist in future timely compliance with its disclosure undertakings for its outstanding obligations and the Bonds, the District has contracted with Dale Scott & Company, Inc. to serve as dissemination agent for the Bonds and the outstanding obligations of the District.

Neither the County 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.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), has assigned a rating of "___" to the Bonds and Moody's Investors Service, Inc. ("**Moody's**") has assigned a rating of "___" to the Bonds.

Such ratings reflect only the views of S&P and Moody's, respectively, and an explanation of the significance of such ratings may be obtained only from S&P and Moody's. The District has provided certain additional information and materials to S&P and Moody's (some of which does not appear in this Official Statement because it is not material for purposes of making an investment decision). There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P or Moody's, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Series E Bonds. UBS Financial Services Inc. ("**UBS FSI**"), on behalf of itself and Piper Sandler & Co. ("**Piper**" and together with UBS FSI, the "**Underwriters**"), has agreed to purchase the Series E Bonds pursuant to a bond purchase agreement for the Series E Bonds (the "**Series E Bond Purchase Agreement**"). The Underwriters have agreed to purchase the Series E Bonds at a price of \$_____ (representing the principal amount of the Series E Bonds of \$_____, plus net original issue premium of \$_____, less an underwriters' discount of \$_____).

The Series E Bond Purchase Agreement provides that the Underwriters will purchase all of the Bonds (if any are purchased) and provide that the Underwriters' obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriters may offer and sell Series E Bonds to certain securities dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriters.

Refunding Bonds. UBS FSI has agreed to purchase the Refunding Bonds pursuant to a bond purchase agreement for the Refunding Bonds (the "**Refunding Bond Purchase Agreement**"). UBS FSI has agreed to purchase the Refunding Bonds at a price of \$_____ (representing the principal amount of the Refunding Bonds of \$_____, less an underwriter's discount of \$_____)

The Refunding Bond Purchase Agreement provides that UBS FSI will purchase all of the Refunding Bonds (if any are purchased) and provide that the UBS FSI's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

UBS FSI may offer and sell Refunding Bonds to certain securities dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by UBS FSI.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay upon prior redemption, principal and premium, if any, on the applicable Refunded Bonds upon their redemption, and interest requirements thereon to and including the applicable redemption date, of the Refunded Bonds described under the heading "THE FINANCING AND REFINANCING PLAN."

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

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 Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Dallas, Texas.

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: _____
Vice Chancellor,
Finance and Administration

APPENDIX A

LOS RIOS COMMUNITY COLLEGE DISTRICT

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2019-20

APPENDIX B

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

The information in this and other sections concerning the District's operations, financial information, and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds are payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.

DISTRICT GENERAL INFORMATION

The District

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 four colleges serving approximately 30,880 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 19,600 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 13,980 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 9,160 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

<u>Trustee Name</u>	<u>Area</u>	<u>Term Expires</u>
Deborah Ortiz, President	6	December 2022
Tami Nelson, Vice President	7	December 2024
Pamela Haynes	5	December 2024
Dustin Johnson, Trustee	1	December 2022
Robert Jones, Trustee	2	December 2022
John Knight, Trustee	3	December 2024
Kelly Wilkerson, Trustee	4	December 2024

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.

Recent Enrollment Trends

The following table shows the number of full-time equivalent students for the District for the fiscal years 2008-09 through 2020-21.

LOS RIOS COMMUNITY COLLEGE DISTRICT Annual Full-Time Equivalent Students Fiscal Years 2008-09 through 2020-21 (Projected)

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	47,847	(2.7)	44,313	(15.8)
2018-19	47,954	0.2	51,167	15.5
2019-20	47,529	(0.9)	44,316	(13.4)
2020-21 ⁽³⁾	42,385	(10.8)	47,726	7.7

(1) Resident enrollment.

(2) Includes summer shift.

(3) Projection x Level.

Source: Los Rios Community College District Audited Financial Statement for Fiscal Year Ending June 30, 2020; Los Rios Community College District 2020-21 Adopted Budget.

District's Response to COVID-19 Pandemic

In March, 2020, the District closed its facilities for on-site instruction to reduce the potential for community transmission of COVID-19, and is currently offering most classes through an online format. The State is currently operating pursuant to a "Blueprint for a Safer California," which places the State's 58 counties into four color-coded tiers based on the number of new daily cases of COVID-19 and the percentage of positive tests – purple, red, orange, and yellow, in descending order of severity. Yolo County is currently assigned to the orange tier, which is the second least restrictive. Both Sacramento and El Dorado counties are currently assigned to the red tier, which is the second most restrictive tier.

The District received approximately \$__ million in one-time federal and State relief funds in 2020 to address costs which may have resulted from the COVID-19 emergency and received or expects to receive another \$__ million in federal and State one-time relief funds in 2021. Under the American Rescue Package, which includes a robust investment in higher education with resources available for a longer period of time, half of the funds each college receives will go to support direct emergency grants to students. The District was allocated a total of \$__ million from the American Rescue Plan for direct emergency grants to students and institutional support to mitigate the impact of COVID-19 pandemic.

See herein under the heading “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS” for information on the State’s current and proposed budgets.

The District has incurred costs as a result of COVID-19, such as the costs of mitigation measures and of implementing distance learning. However, funding under the CARES Act, the Higher Education Emergency Relief Funds and other cost-saving impacts of not operating site-based learning, such as reductions in fuel and electricity costs, provide offsets to those expenses. With respect to pension costs, the District cannot currently predict if the COVID-19 emergency will have a material impact on its required employer contributions which could arise if the unfunded actuarial accrued liabilities of PERS and STRS materially increase. The District maintains reserves for economic uncertainties, which exceed the State’ required minimum reserve. See “DISTRICT FINANCIAL INFORMATION — General Fund Reserves.”

The impacts of the COVID-19 emergency on global, State-wide and local economies, which could impact District operations and finances, and local property values are unknown and cannot be predicted by the District.

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 2020-21 Bargaining Organization and Contract Dates

Bargaining Organization	Acronym	Contract Beginning Date	Contract Ending Date	Number of Employees
Los Rios College Federation of Teachers	LRCFT	07/01/20	06/30/23	2,310
Los Rios Classified Employees Association	LRCEA	07/01/17	06/30/20*	786
Service Employees International Union	SEIU	07/01/17	06/30/20*	191
Los Rios Supervisors’ Association	LRSA	07/01/18	06/30/21	81

[*Employees continue to operate under expired contracts during negotiations.]

Source: *Los Rios Community College District.*

Insurance; Risk Management

The District is a participant in the Schools Excess Liability Fund (“**SELF**”). SELF 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 SELF 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 exceed 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 community-supported districts, as described below) receive, on average, approximately 52% of their funds from the State, approximately 44% from local sources, and approximately 4% from 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.

Student-Centered Funding Formula. The Student-Centered Funding Formula (“SCFF”) which commenced in 2018-19 is the formula currently used to allocate state general apportionment funding to California’s community colleges. SCFF retained the Basic Allocation previously established under Senate Bill 361 (“**SB 361**”) in the 2006-07 fiscal year, but at significantly reduced rates. However, SCFF funds community college districts for outcomes and demographics, providing an incentive to improve students’ success, especially students from economically disadvantaged backgrounds. The SCFF allocations for the fiscal year 2019-2020 and their respective weightings consist of:

- (1) a **base allocation** (70%) consistent with the SB 361 formula of: (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;
- (2) a **supplemental allocation** (20%) based on the number of students who receive a California Promise Grant, Pell Grant or are non-resident students that qualify for in-state tuition; and
- (3) a **student success allocation** (10%) 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.

Hold Harmless Provision. During the three years of implementation of SCFF, 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. The hold harmless provision has been extended by two years, through 2023-24, and districts will receive at least their 2017-18 funding, with a cost-of-living adjustment each year.

Advisory Committees. Two advisory committees will be established reporting to the Chancellor’s Office and the Legislature.

District Accounting Practices

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District’s financial statements have been prepared using the economic focus and accrual basis of accounting. Under the accrual

basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant interfund transactions are eliminated. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Budget and Accounting Manual issued by the Chancellor's Office of the California Community College. For more information on the District's accounting policies, see Note 2 of "APPENDIX A - FISCAL YEAR 2019-20 AUDITED FINANCIAL STATEMENTS" attached hereto.

The District's Audited Financial Statements for fiscal year 2019-20 were prepared by Eide Bailly, LLP, San Ramon, California and are attached as APPENDIX A. 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 Net Position

The following table sets forth the District's recent audited revenues, expenses and change in net position. For fiscal year 2020-21, see the table below under "– District Budget."

LOS RIOS COMMUNITY COLLEGE DISTRICT Summary of Revenues, Expenditures and Changes in Net Position For Fiscal Years 2015-16 through 2019-20 (Audited)

	2015-16	2016-17 ⁽¹⁾	2017-18 ⁽¹⁾	2018-19	2019-20
Operating Revenues					
Tuition and Fees	\$68,227,161	\$66,796,671	\$66,740,194	\$67,526,682	\$62,903,712
Less: Scholarship discount and allowances	(40,794,800)	(38,527,553)	(36,225,545)	(36,426,422)	(36,345,845)
Net tuition and fees	27,432,361	28,269,118	30,514,649	31,100,260	26,557,867
Grants and Contracts, non-capital:					
Federal	7,094,909	--	98,296,487	100,698,507	118,689,435
State	64,080,830	--	68,151,877	72,625,678	74,775,947
Local	3,201,451	--	2,936,116	4,540,874	4,009,677
Net grants and contracts, noncapital	--	--	--	--	197,475,059
Auxiliary enterprise sales and charges	17,973,695	18,716,617	17,657,106	18,093,248	15,154,863
Other operating revenues	2,845,286	3,339,701	3,394,392	3,921,696	4,835,892
Total Operating Revenues	122,628,532	50,325,436	220,950,627	230,980,263	244,023,681
Operating Expenses					
Salaries	230,222,137	238,505,743	247,622,479	254,316,148	261,278,059
Employee benefits	78,065,679	85,050,162	100,930,206	131,015,160	121,911,708
Supplies, materials and other operating expenses and services	52,769,623	67,867,769	74,672,993	81,871,596	82,151,655
Utilities	8,580,374	99,140,969	--	--	--
Depreciation	29,381,116	30,377,589	30,506,553	29,283,171	28,964,115
Payment to students	25,494	--	99,587,078	104,531,276	123,449,422
Total Operating Expenses	399,044,423	520,942,232	553,319,309	601,017,351	617,754,959
Operating Loss	(276,415,891)	(470,616,796)	(332,368,682)	(370,037,088)	(373,731,278)
Non-Operating Revenues (Expenses)					
State apportionments and education protection act, non-capital	166,577,116	193,706,829	200,504,978	207,192,451	206,815,546
Education protection account	43,733,807	--	--	--	--
Local property taxes	66,244,892	81,040,324	85,677,216	91,097,559	96,600,814
Taxes levied for other specific purposes-Debt service	--	28,788,075	29,875,225	30,965,422	54,195,068
Lottery, state taxes and other revenues	21,421,843	20,376,324	28,612,306	47,878,379	41,925,744
Investment income	653,825	3,025,602	4,361,729	8,747,731	9,904,309
Investment expense, noncapital	(15,719)	--	--	--	--
Interest expense	--	(9,031,821)	(10,930,068)	(15,033,195)	(17,357,505)
Transfer from agency fund	--	--	1,894	210	25,730
Financial aid revenues, federal	95,342,298	95,707,205	--	--	--
Financial aid revenues, state	7,341,696	64,447,877	--	--	--
Financial aid expenses	(106,846,968)	3,314,970	--	--	--
Other non-operating revenues - grants/gifts	324,525	627,830	268,804	372,850	240,660
Total Non-Operating Revenues (Expenses)	294,777,315	482,003,215	338,372,084	371,221,407	392,350,366
Income Before Other Revenues and Expenses	18,361,424	11,386,419	6,003,402	1,184,319	18,619,088
Other Revenues and Expenses					
State apportionments, capital	2,888,238	6,136,801	7,572,302	8,580,899	3,366,407
Local property taxes and revenues, capital	19,253,346	--	--	--	--
Interest income, capital	606,877	--	--	--	--
Investment expense, capital	(2,320)	--	--	--	--
Interest expense on capital asset-related debt	(3,995,314)	--	--	--	--
Debt service costs	(351,977)	--	--	--	--
Costs of bond issuance	--	--	--	--	--
Grants and gifts, capital	155,107	--	--	--	--
Loss from disposal of capital assets	(27,472)	--	--	--	--
Increase (decrease) in Net Position	36,887,909	17,523,220	13,575,704	9,765,218	21,985,495
Net Position, Beg. Of Year, as previously reported	233,321,849	268,837,646	292,838,572	306,414,276	316,179,494
Cumulative effect of change in account principles	--	--	--	--	--
Prior period adjustment	--	6,477,706 ⁽²⁾	--	--	--
Net Position - End of Year	\$270,209,758	\$292,838,572	\$306,414,276	\$316,179,494	\$338,164,989

Footnotes for table on preceding page:

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

Source: *Los Rios Community College District Audit Reports.*

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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 2020-21.

LOS RIOS COMMUNITY COLLEGE DISTRICT General Fund Budget and Fund Balances, Revenues and Expenditures For Fiscal Year 2020-21 (Budgeted)

	2020-21 Adopted Budget
Beginning Balance, July 1	
Uncommitted	\$18,612,927
Committed	48,316,900
Restricted	10,497,778
Total Beginning Fund Balance	77,427,605
Revenues:	
State Apportionment & Education Protection Account (EPA) Funds	199,729,189
SCFF Changes in FTES, Outcomes & Demographics	6,597,087
New Faculty Funding	4,931,382
Local Property Taxes	97,230,866
Enrollment Fees, 98%: 2019-20 & 2020-21, \$46/unit	15,854,724
Total Basic Allocation, COLA & Growth	324,343,248
Lottery Funds	6,693,050
Other General Purpose	42,360,130
Restricted/Special Programs Revenue	117,737,430
Total Revenue	491,133,858
Total Revenue and Beginning Fund Balance	568,561,463
Expenditures/Appropriations:	
Academic Salaries	168,224,477
Classified Salaries	100,588,306
Employee Benefits	113,788,903
Books, Supplies & Materials	37,140,213
Other Operating Expenses	85,741,391
Capital Outlay	4,854,826
Interfund Transfers/Other Outgo	32,679,906
Total Expenditures/Appropriations and Interfund Transfers	543,018,022
Ending Fund Balance, June 30:	
Uncommitted	18,612,927
Committed	4,336,900
Restricted	2,593,614
Total Ending Fund Balance	25,543,441
Total Expenditures/Appropriations & Ending Fund Balance	\$568,561,463

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 Purchaser.*

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, 2020" and particularly Note 11.

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**

<u>Fiscal Year</u>	<u>Contribution</u>
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	21,585,563
2019-20	24,641,228
2020-21*	_____

*Budgeted.

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 \$102.6 billion as of June 30, 2019 (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 2022-23, from a contribution rate of 8.88% in fiscal year 2013-14 to 18% in fiscal year 2022-23. 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 through 2020-21 were 10.73%, 12.58%, 14.43%, 16.28%, 17.10%, and 16.15% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2021-22 through fiscal year 2024-25 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2021-22 through 2024-25**

<u>Fiscal Year</u>	<u>Employer Contribution Rate⁽¹⁾</u>
2021-22	15.92%
2022-23	18.00
2023-24	18.00
2024-25	18.00

(1) Expressed as a percentage of covered payroll.

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	14,619,968
2019-20	17,475,114
2020-21*	—

*Budgeted.

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 \$31.4 billion as of June 30, 2019 (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 rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be 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, 2018-19, 2019-20 and 2020-21 were 11.847%, 13.888%, 15.531%, 18.062%, 19.721%, and 20.70% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2020-22 through fiscal year 2024-25 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2020-21 through 2022-23⁽¹⁾**

Fiscal Year	Employer Contribution Rate ⁽²⁾
2021-22	23.00%
2022-23	26.30
2023-24	27.30
2024-25	27.80

(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

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed AB 340, enacting the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and amending various sections of the California Education and Government Codes. AB 340 (i) increased the retirement age for new State, school, and city and local agency employees depending on job function, (ii) capped the annual PERS and STRS pension benefit payouts, (iii) addressed numerous abuses of the system, and (iv) required State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA applies to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, had a five-year window to negotiate compliance with AB 340 through collective bargaining. Beginning in 2018, a city, public agency or school district may require employees to pay their half of the costs of PERS pension benefits, up to 8% of pay for civil workers and 11% or 12% for public safety workers.

PERS has predicted that the impact of AB 340 on employees and employers, including the District and other employers in the STRS system, will vary, based on each employer's current level of benefits. 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. Additionally, PERS has noted that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, the provisions of AB 1469 effective as of July 1, 2014 effectively addressed the contribution requirements of STRS members, employers and the State.

Additional Information. Additional information regarding the District's retirement programs is available in Note 11 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 Purchaser 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, 2019 was \$371,369. Accounts are established in the name of each participant. 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 the valuation date, June 1, 2019, the RHBP Plan has 987 retirees receiving benefits and 2,148 participating active employees.

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, 2020, the District contributed \$3,836,860 to the OPEB Trust of which \$3,306,336, was used for current benefit payments.

Actuarial Assumptions. The District's net OPEB asset at June 30, 2020 of \$12,365,239 was measured as of June 1, 2019 and was determined by an actuarial valuation 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 7.00% (Assumed to start at 7.00% and grade down to 5.00% for years 2024 and thereafter). Mortality for certificated and classified employees were based on a PERS 2017 Study and a STRS 2016 Study. The MacLeod Watts Scale 2018 is applied generationally for mortality improvement, from 2015 for PERS members and from 2016 for STRS members.

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, 2020 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 2019-20
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, 2020, are shown in the following table:

**CHANGES IN NET OPEB ASSET
Los Rios Community College District**

	Net OPEB Liability (Asset)
Balance at July 1, 2019	\$(4,350,992)
Changes for the year:	
Service Cost	4,043,603
Interest	5,986,421
Net investment income	(8,961,515)
Difference between expected and actual experience	914,153
Contributions -employer	(5,553,625)
Changes of assumptions	<u>(4,443,284)</u>
Net changes	<u>(8,014,247)</u>
Balance at June 30, 2020	<u><u>\$(12,365,239)</u></u>

Source: Los Rios Community College District 2019-20 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.

OPEB Expense. For the year ended June 30, 2020, the District recognized an OPEB expense of \$5,544,378.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 8 of Appendix A to the Official Statement.

Indebtedness of the District

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 April 1, 2021
<u>Election of 2002</u>				
Series E	06/27/13	08/01/38	\$20,000,000.00	<i>To be provided by Dale Scott's office</i>
Series F	02/08/18	08/01/23	27,500,000.00	
<u>Election of 2008</u>				
Series A	10/19/10	08/01/20	130,000,000.00	
Series B	06/27/13	08/01/38	60,000,000.00	
Series C	02/08/18	08/01/32	65,000,000.00	
Series D	06/26/19	08/01/44	80,000,000.00	
<u>Refundings</u>				
2010 Refunding	10/07/10	08/01/27	21,025,000.00	
2011 Refunding	10/20/11	08/01/27	40,195,000.00	
2012 Refunding	03/28/12	08/01/30	62,920,000.00	
2016 Refunding	04/21/16	08/01/26	39,315,000.00	
2017 Refunding	12/19/17	08/01/35	106,850,000.00	
2020 Refunding	06/11/20	08/01/27	10,945,000.00	
Totals	--	--	\$663,750,000.00	

**Certain maturities to be refunded with the proceeds of the Bonds described in this Official Statement.*

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.

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. The following facility that was constructed under the provisions described above and have minimum annual payments remaining at June 30, 2019 were as follows:

Facility	Lease Term	Proceeds from State	Funding Year	Minimum Annual Payments
Folsom Lake College Instructional Facilities IB	2005-2030	\$36,841,000	2001-02	\$809,709 to \$2,499,000

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 Purchaser 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 Purchaser 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 Purchaser 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 Purchaser 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 statute 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 Purchaser 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).”

2020-21 State Budget

Introduction and Background. The Governor signed the fiscal year 2020-21 State Budget (the “**2020-21 State Budget**”) on June 29, 2020. The 2020-21 State Budget notes that the COVID-19 pandemic has impacted every sector of the State’s economy and has caused record high unemployment, and further action from the federal government is needed as a result of the crisis. The Governor is pursuing \$1 trillion in flexible federal aid to state and local governments across the country, which support will be critical to mitigate the effects of the public health crisis, encourage recovery, and support persons in need.

At the time of the Governor’s proposed 2020-21 State Budget in January, the State was projecting a surplus of \$5.6 billion. At the time of the May Revision with respect to the 2020-21 State Budget, the State had a budget deficit of \$54.3 billion. The 2020-21 State Budget includes measures to close the gap and bring the State’s resources and spending into balance while preserving reserves for future years.

To reduce the structural deficit in the coming years, the 2020-21 State Budget sustains the January 1, 2022 suspension of several ongoing programmatic expansions that were made in the 2019 Budget Act. In addition, the 2020-21 State Budget accelerates the suspension of most Proposition 56 (2016 tobacco tax measure) tax rate increases to July 1, 2021. Despite these measures, the State forecasts an operating deficit of \$8.7 billion in 2021-22, after accounting for reserves.

Closing the Budget Gap. The 2020-21 State Budget uses the following strategies to close the budget gap:

- **Reserve Draw Down:** Draws down \$8.8 billion in reserves, including from the State's Rainy Day Fund (\$7.8 billion), the Safety Net Reserve (\$450 million), and all of the funds in the Public School System Stabilization Account.
- **Triggers:** Includes \$11.1 billion in funding reductions and deferrals that will be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the State receives a lesser amount between \$2 billion and \$14 billion, the reductions and deferrals will be partially restored. The trigger includes \$6.6 billion in deferred funding for schools.
- **Federal Funds:** Relies on \$10.1 billion in federal funds that provide State general fund relief, including \$8.1 billion already received.
- **Revenues:** Temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to \$5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate \$4.4 billion in new revenues in the 2020-21 fiscal year.
- **Borrowing/Transfers/Deferrals:** Relies on \$9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools. Approximately \$900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.
- **Other Solutions:** Cancelling multiple program expansions and anticipating increased government efficiencies, higher ongoing revenues above the May Revision forecast and lower health and human services caseload costs than the May Revision estimated.

General Budget Highlights. Certain highlights of the 2020-21 State Budget are:

Emergency Response: COVID-19 and other emergency response efforts included in the 2020-21 State Budget are:

- **Responding to COVID-19:** The State expects to receive over \$72 billion in federal assistance to State programs, of which unemployment insurance represents about \$52 billion of this total. Under the CARES Act, the State received \$9.5 billion for various uses including \$4.4 billion to mitigate K-14 learning loss. The amount of \$5.9 million of General Fund spending for 2020-21 and \$4.8 million ongoing is allocated to support the State Department of Health's response to COVID-19.
- **Enhancements to Emergency Responses and Preparedness:** \$117.6 million is allocated to the State Office of Emergency Services to enhance emergency preparedness and response capabilities, including with respect to power outages, earthquakes, wildfires and cybersecurity.
- **Forestry and Fire Protection:** \$90 million is allocated to enhance CAL

FIRE's fire protection capabilities, including for wildfire prediction and modeling technology.

Revenue Solutions. Revenue measures which are expected to net \$4.3 billion in 2020-21, \$3.1 billion in 2021-22 and \$1.3 billion in 2022-23, include:

- Certain Tax Measure Extensions. Extending certain tax measures including certain sales tax exemptions through the end of 2022-23, extending the carryover period for film credits from 6 years to 9 years, and extending the current exemption from the minimum tax for first year corporations to first year limited liability corporations, partnerships, and limited liability partnerships.

- Expansion of Earned Income Tax. Expanding the Earned Income Tax Credit to certain taxpayers.

- Changes to Tax Laws and Sales Tax. Changes in tax law including suspending net operating losses for 2020, 2021, and 2022 for medium and large businesses, and limiting certain business incentive tax credits, and with respect to closing the sale tax loss gap, requiring used car dealers to remit sales tax to the Department of Motor Vehicles with registration fees.

Recovery for Small Businesses. The 2020-21 State Budget includes a waiver of the minimum franchise tax for the first year of operation, \$100 million budgeted for the State's small business loan program, \$25 million to provide capital to enable the origination of more loans in underbanked communities, and adding funding of \$758,000 ongoing for positions relating to small business support.

Housing. Up to \$500 million is allocated in State tax credits for low-income housing in 2021, under certain conditions. The 2020-21 State Budget provides \$331 million in National Mortgage Settlement funds to help prevent avoidable foreclosures and evictions, and \$8.3 billion across multiple departments and programs to address housing throughout the State.

Higher Education. Higher Education includes the California Community Colleges ("CCCs"), the California State University ("CSU"), the University of California ("UC"), the Student Aid Commission, and several other entities. The 2020-21 State Budget includes total funding of \$19.4 billion General Fund and local property tax for all Higher Education entities in fiscal year 2020-21.

Community College Flexibilities. To assist CCCs in their recovery from the impacts of the COVID-19 recession and provide additional near-term certainty, the 2020-21 State Budget enacts statutory changes to:

- Exempt direct COVID-19-related expenses incurred by districts from the 50 Percent Law. This excludes revenue declines.
- Provide a hardship exemption for districts unable to meet their financial obligations due to the deferrals enacted in the 2020-21 State Budget.

- Extend the Student-Centered Funding Formula “hold harmless” provisions for an additional two years, and authorize the use of past-year data sources that have not been impacted by the COVID-19 pandemic for the calculation of the Student-Centered Funding Formula for 2020-21.
- Encourage and expedite the development of short-term career technical education courses to address the impacts of the COVID-19 pandemic.

Other Significant Adjustments.

- Staff for Working Group on Community College Athlete Compensation - An increase of \$700,000 one-time non-Proposition 98 General Fund for the Chancellor’s Office to contract with an external organization to staff a working group on a community college athlete’s use of the athlete’s name, image, and likeness for compensation, pursuant to Chapter 383, Statutes of 2019 (SB 206).
- 2019-20 Deferrals - A deferral of approximately \$330.1 million Proposition 98 General Fund of community college apportionments from fiscal year 2019-20 to fiscal year 2020- 21.
- 2020-21 Deferrals - A deferral of approximately \$662.1 million Proposition 98 General Fund of community college apportionments from fiscal year 2020-21 to fiscal year 2021- 22.
- 2020-21 Deferrals Subject to Control Section 8.28 - As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the state with the fiscal crisis, reductions are necessary to balance the State budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the 2020-21 fiscal year as follows:
 - A deferral of approximately \$791.1 million Proposition 98 General Fund of community college apportionments from fiscal year 2020-21 to fiscal year 2021- 22.
 - COVID-19 Response Block Grant for CCCs – A one-time increase of approximately \$120.2 million, which is comprised of approximately \$54 million from the CARES Act and approximately \$66.3 million Proposition 98 General Fund, for a COVID-19 Response Block Grant for the CCCs to support student learning and mitigate learning loss related to the COVID-19 pandemic.
 - Dreamer Resource Liaisons - An increase of \$5.8 million Proposition 98 General Fund to fund Dreamer Resource Liaisons and student support services, for immigrant students including undocumented students in community colleges, pursuant to Chapter 788, Statutes of 2019 (AB 1645). These services provide an opportunity to address

disparities and advance economic justice by supporting educational attainment, career pathways and economic mobility for students who may face barriers related to their immigration status.

- Legal Services - An increase of \$10 million ongoing Proposition 98 General Fund to provide legal services to immigrant students, faculty, and staff on community college campuses.
- Calbright College - A decrease of \$5 million ongoing Proposition 98 General Fund for Calbright College, and a decrease of \$40 million one-time Proposition 98 General Fund provided to Calbright College that is redirected to offset apportionments costs for fiscal year 2020-21.
- Revised PERS/STRS Contributions - As referenced in the K-12 Education Chapter, to provide local educational agencies and community college districts with increased fiscal relief, the 2020-21 State Budget redirects \$2.3 billion appropriated in the 2019 Budget Act to STRS and PERS for long-term unfunded liabilities to further reduce employer contribution rates in fiscal year 2020-21 and fiscal year 2021-22.
- CCC Facilities - An increase of general obligation bond funding of \$223.1 million, including \$28.4 million to start 25 new capital outlay projects and \$194.7 million for the construction phase of 15 projects anticipated to complete design by spring 2021. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.
- Local Property Tax Adjustment - A decrease of \$60.9 million Proposition 98 General Fund as a result of increased offsetting local property tax revenues.
- Food Pantries - The 2020-21 State Budget enacts statutory changes to support food pantries within available Student Equity and Achievement Program funding.

California Student Aid Commission. The California Student Aid Commission, which administers the State's financial aid programs, the largest of which is the Cal Grant, supports over 410,000 financial aid awards to students accessing higher education. The 2020-21 State Budget reflects a sustained commitment to financial aid programs to provide the least-resourced students access to higher education.

Significant Adjustments:

- Cal Grant Program Adjustment - A decrease of approximately \$149 million in fiscal year 2019-20 and approximately \$63.3 million in fiscal year 2020-21 to reflect revised estimates of the number of new and renewal Cal Grant awardees in fiscal years 2019-20 and 2020-21.

- Temporary Assistance for Needy Families (TANF) Adjustment - A decrease of \$600 million in federal TANF reimbursements in fiscal year 2019-20 which increases General Fund support for the Cal Grant program by an equal amount.
- Grant Delivery System - An increase of \$5.3 million one-time General Fund to fund the third year and final year of project development costs for the Grant Delivery System Modernization Project.
- Cal Grant B Service Incentive Grant - A re-appropriation of \$7.5 million one-time General Fund from the 2019 Budget Act and a redirection of the Program's \$7.5 million funding in fiscal year 2020-21 to support the Disaster Relief Emergency Student Financial Aid Program, which will provide emergency financial aid to students at the University of California, California State University, and California Community Colleges.
- Contingent General Fund Reduction - As a result of the COVID-19 recession and absent the receipt of additional federal funds to assist the State with the fiscal crisis, reductions are necessary to balance the State budget.

In addition, the 2020-21 State Budget includes certain employee protection terms to ensure the continuity of employment for essential school staff during the COVID-19 pandemic. The 2020-21 State Budget also includes the intent of the State Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in the 2020-21 fiscal year.

Proposed 2021-22 State Budget

On January 8, 2021, the Governor submitted a \$227.2 billion 2021-22 State Budget proposal (the “**2021-22 Proposed Budget**”) to the Legislature. The Governor has called for immediate legislative action to provide rapid relief to individuals, families and small businesses hit hardest by the COVID-19 pandemic, including direct payments to low-income workers; funding for grants to small businesses and small non-profit cultural institutions disproportionately impacted by the pandemic fee relief for small businesses including personal services and restaurants; funds to support and accelerate safe returns to in-person instruction starting in February 2021; and an increase in the State’s minimum wage to \$14 per hour.

Reflecting an improved economic outlook and a \$15 billion revenue surplus since the 2020 Budget Act, highlights of the 2021-22 Proposed Budget are:

- \$372 million to speed up administration of vaccines across all of California’s 58 counties and a \$14 billion investment in the State’s economic recovery, including direct cash support payments of \$600 to millions of Californians through the Golden State Stimulus, extending new protections and funding to help keep people in their homes and investing in relief grants for small businesses.
- Budget reserves of \$34 billion, including \$15.6 billion in the Proposition 2 Budget Stabilization Account (Rainy Day Fund) for fiscal emergencies; \$450 million in the Safety Net Reserve; \$3 billion in the Public School System Stabilization Account; and an estimated \$2.9 billion in the state’s operating reserve.

- In order to pay down the State’s retirement liabilities, the 2021-22 Proposed Budget includes \$3 billion in additional payments required by Proposition 2 in 2021-22 and nearly \$6.5 billion over the next three years.

K-14 Education Spending. The 2021-22 Proposed Budget’s improved revenue estimate results in the highest funding level ever at \$85.8 billion for K-12 schools and community college districts under Proposition 98, representing an increased investment of \$14.9 billion in K-12 schools and community colleges above the level funded in the 2020 Budget Act. The Proposition 98 funding levels for the 2019-20 and 2020-21 fiscal years increased from 2020 Budget Act levels by \$1.9 billion and \$11.9 billion, respectively, due almost exclusively to increased General Fund revenues in all fiscal years. Reflecting the changes to Proposition 98 funding levels noted above, total K-12 per-pupil expenditures from all sources are projected to be \$18,837 in 2020-21 and \$18,000 in 2021-22—the highest levels ever (K-12 Education Spending Per Pupil). The decrease between 2020-21 and 2021-22 reflects the significant allocation of one-time federal funds in 2020-21. Ongoing K-12 per-pupil expenditures of Proposition 98 funds are \$12,648 in 2021-22, an increase of \$1,994 per pupil over the level provided in the 2020 Budget Act.

The 2021-22 Proposed Budget also includes \$4.6 billion Proposition 98 General Fund revenues for extending learning time, including summer school programs and other strategies to address learning loss related to the pandemic. The 2021-22 Proposed Budget continues to commit \$2.3 billion General Fund one-time in recognition of the additional costs schools face as they respond to the pandemic. The 2021-22 Proposed Budget directs a significant portion of additional funding to paying down nearly two-thirds of the deferrals implemented in 2020-21 and provides a 3.84% cost-of-living adjustment to the Local Control Funding Formula. The significant growth in capital gains and overall General Fund revenue growth also triggers deposits of roughly \$3 billion into the Public School System Stabilization Account, resulting in a statutory cap of 10 percent on local school district reserves beginning in 2022-23.

Funds to Implement In-Person Learning. The 2021-22 Proposed Budget includes \$2 billion of one-time Proposition 98 funding available beginning in February 2021, to augment resources for schools to offer in-person instruction safely. This funding will be available on a per-pupil basis for all county schools, school districts, and charter schools that are open for in-person instruction by specified dates. For schools that continue offering or begin offering in-person instruction for at least all TK-2nd grade students, all students with disabilities, youth in foster care, homeless youth, and students without access to technology or high-speed Internet by February 16, and all 3rd-6th grade students by March 15, base grant amounts will be \$450, increasing to more than \$700 per pupil for schools with a high enrollment of low-income students, youth in foster care, and English language learners. Schools with later start dates will qualify for a proportionally lower base grant, except those in counties with high rates of community spread. Schools in counties with high rates of community spread will be eligible for the full February grant amount if they open for in-person instruction pursuant to state and local health guidance once their rates of community spread sufficiently decline. Funds may be used for any purpose that supports in-person instruction, including enhancing and expanding COVID-19 testing, purchasing personal protective equipment, improving ventilation and the safety of indoor or outdoor learning spaces, teacher or classified staff salaries for those providing and supporting in-person instruction, and social and mental health support services provided in conjunction with in-person instruction.

Federal Funds. The recent federal COVID-19 relief bill provides \$54.3 billion to an Elementary and Secondary Schools Emergency Relief Fund (ESSER) for public K-12 schools and \$4 billion to a Governor’s Emergency Education Relief Fund (GEER) for both public and

private pre-kindergarten through higher education institutions. Based on prior allocations, the Budget projects that California could receive more than \$6 billion in ESSER funds and \$400 million in GEER funds.

LCFF Funding. Due to a significant reduction in available revenues, the 2020 Budget Act did not provide a statutory cost-of-living adjustment for the LCFF in 2020-21. To make up for this, the Budget funds the LCFF in 2021-22 with both the 2020-21 cost-of-living adjustment (2.31%) and the 2021-22 cost-of-living adjustment (1.5%), creating a compounded combined cost-of-living adjustment of 3.84%, and increasing ongoing LCFF funding by \$2 billion from the Proposition 98 General Fund, when adjusted for declining ADA. This increase brings total LCFF funding to \$64.5 billion, and funds all local educational agencies at their full LCFF target level.

Deferrals. Pandemic-driven revenue reductions anticipated at the 2020 Budget Act created the need to defer LCFF apportionments, in the amounts of \$1.9 billion in 2019-20, growing to more than \$11 billion in 2020-21. The Budget pays off the full K-12 deferral in 2019-20 and \$7.3 billion of the K-12 deferral in 2020-21, leaving an ongoing K-12 deferral balance of \$3.7 billion in 2021-22. As a result, local educational agencies will experience only a few weeks of delay in receiving apportionment in 2021-22 (as opposed to ten-month deferrals in 2020-21), impacting only impact the June 2022 apportionment, which will be delayed into July 2022.

PERS and STRS Contributions. For 2021-22, STRS will apply \$820 million to reduce the employer contribution rate from 18.1% to approximately 15.92%, and PERS will apply \$330 million to reduce the Schools Pool employer contribution rate from 24.9% to 23%.

School Facilities. The Proposed 2021-22 Budget continues to allocate \$1.5 billion of Proposition 51 bond funds to support school construction projects, which is more than double the amount allocated in 2018-19.

Higher Education. The Proposed 2021-22 Budget proposes a General Fund increase of \$786 million for the University of California and the California State University with an expectation that they focus on measurable goals to address equity gaps, further maintain online educational opportunities and expand dual admissions and other innovative strategies that reduce time to degree completion. The Budget also assumes resident tuition and fees remain flat in 2021-22.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2020-21 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 2020-21 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 Underwriters 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 Underwriters assume any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

Availability of State Budgets. The complete 2020-21 State Budget and Proposed 2021-22 State Budget are 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 County for the payment thereof. Articles XIII A, XIII B, XIII C, and XIII D 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 County for payment of the Bonds was approved by the District's voters in compliance with Article XIII A 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 XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 (“**Proposition 13**”), which added Article XIII A to the State Constitution (“**Article XIII A**”). Article XIII A 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 XIII A 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, and (iii) (as a result of an amendment to Article XIII A 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 XIII A 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 XIII A 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 XIII A.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. 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 XIII A, 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.

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "2020 Ballot Measure"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIII A such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding that school districts and community college districts receive under the State's constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

Article XIII B of the California Constitution

Article XIII B ("**Article XIII B**") 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 XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B 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 XIII B 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 XIII B 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 XIII C and XIII D 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 XIII C and XIII D (respectively, "**Article XIII C**" and "**Article XIII D**"), 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 XIII C 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIC 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 XIID. 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 XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (“**Proposition 19**”), which amends Article XIII A to (i) expand as of April 1, 2021 special rules that govern the transfer of a residential property’s tax base value to a replacement residence for homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home

anywhere within the State, (ii) narrows as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocates most resulting State revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes. The District cannot predict whether the implementation of Proposition 19 will increase, decrease or have no overall impact on the District's assessed values.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 22, 1A, 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.

APPENDIX C

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

The District's service area includes most of 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.

The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors. For more information on the impact of the COVID-19 pandemic, see "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19" herein. See also references to COVID-19 in the section entitled "PROPERTY TAXATION", and in APPENDIX B under the heading "DISTRICT GENERAL INFORMATION" and "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

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 2020 population estimate of 22,525. 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
2016	1,496,385	183,684	215,016	39,131,307
2017	1,512,721	185,147	218,039	39,398,702
2018	1,527,132	188,185	219,990	39,586,646
2019	1,541,301	190,018	220,896	39,586,376
2020	1,555,301	193,227	221,705	39,782,870

Source: State Department of Finance estimates.

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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 2016 through 2020. 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 7.6% in January 2021, unchanged from a revised 7.6% in December 2020, and above the year-ago estimate of 4.0%. This compares with an unadjusted unemployment rate of 9.2% for the State and 6.8% for the nation during the same period. The unemployment rate was 6.9% in El Dorado County, 6.0% in Placer County, 8.1% in Sacramento County, and 7.0% in Yolo County.

SACRAMENTO- ROSEVILLE-ARDEN ARCADE MSA El Dorado, Placer, Sacramento, Yolo Counties Employment by Industry Calendar Years 2016 through 2020 (March 2020 Benchmark)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Civilian Labor Force ⁽¹⁾	1,068,300	1,075,300	1,089,600	1,101,000	1,087,900
Employment	1,012,000	1,026,400	1,048,200	1,061,400	993,300
Unemployment	56,400	48,900	41,400	39,600	94,500
Unemployment Rate	5.3%	4.5%	3.8%	3.6%	8.7%
Wage and Salary Employment ⁽²⁾					
Agriculture	9,700	9,800	9,100	8,700	8,300
Mining and Logging	400	400	500	500	600
Construction	55,000	58,700	64,500	69,400	70,100
Manufacturing	36,200	35,700	36,000	36,800	35,900
Wholesale Trade	25,500	26,500	28,400	28,600	26,700
Retail Trade	100,500	101,400	102,000	100,500	95,100
Transportation, Warehousing and Utilities	26,600	27,400	29,500	32,200	34,600
Information	13,800	12,600	12,400	11,900	10,100
Finance and Insurance	37,500	37,400	36,700	35,200	35,100
Real Estate and Rental and Leasing	14,500	15,200	16,800	17,300	16,800
Professional and Business Services	128,500	132,400	136,000	137,400	132,500
Educational and Health Services	146,500	153,600	159,800	166,600	163,000
Leisure and Hospitality	99,800	103,300	106,200	109,600	83,700
Other Services	31,700	33,000	34,200	35,400	30,600
Federal Government	14,000	14,200	14,100	14,200	14,800
State Government	116,600	118,400	120,400	121,900	121,400
Local Government	104,000	102,600	103,500	105,300	99,400
Total, All Industries ⁽³⁾	960,700	982,500	1,009,900	1,031,400	978,400

(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 2021)

Employer Name	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (mfrs)
Agreeya Solutions	Folsom	Information Technology Services
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 State Univ Scrmnt	Sacramento	Schools-Universities & Colleges Academic
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	Outplacement Consultants
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
Securitas Security Svc USA	Sacramento	Security Guard & Patrol Service
Smud	Sacramento	Electric Companies
State Compensation Ins Fund	Sacramento	Insurance
Summit Funding Inc	Sacramento	Financing
Sutter Medical Ctr-Sacramento	Sacramento	Hospitals
Villara Building Systems	Mcclellan	Building Contractors

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2021 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 2021)**

Employer	Location	Industry
Barton Health	South Lake Tahoe	Hospitals
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	Youth Organizations & Centers
County of Eldorado	Placerville	County Government-General Offices
El Dorado County Child Protctn	Placerville	Government Offices-County
El Dorado County Sheriff	Placerville	Sheriff
El Dorado County Trnsprt	Placerville	Government Offices-County
El Dorado Irrigation District	Placerville	Water & Sewage Companies-Utility
Lake Tahoe Community College	South Lake Tahoe	Junior-Community College-Tech Institutes
Liberty Utilities Co	South Lake Tahoe	Utility Contractors
Marriott-Timber Lodge	South Lake Tahoe	Hotels & Motels
More	Placerville	Rehabilitation Services
Nugget Markets	El Dorado Hills	Grocers-Retail
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
Top To Bottom Inside & Out Inc	El Dorado Hills	Home Improvements
Transitional Learning Ctr High	South Lake Tahoe	Schools
Urbana Tahoe Tc LLC	South Lake Tahoe	Hotels & Motels

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2021 1st Edition.

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

**YOLO COUNTY
Major Employers
(As of March 2021)**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Cache Creek Casino Resort	Brooks	Casinos
Capital Express Lines	West Sacramento	Trucking-Motor Freight
City of Davis-City Manager Ofc	Davis	Government Offices-City/Village & Twp
Clark Pacific	West Sacramento	Concrete Prods-Ex Block & Brick (mfrs)
Dennis Blazona Constr Inc	West Sacramento	Construction Companies
Fedex Freight	West Sacramento	Trucking-Motor Freight
IKEA	West Sacramento	Furniture-Dealers-Retail
Mariani Nut Co	Winters	Nuts-Edible
Nor-Cal 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)
Tony's Fine Foods	West Sacramento	Steel-Distributors & Warehouses (whls)
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	Health Care Management
Woodland Healthcare Foundation	Woodland	Health Services
Yolo County District Attorney	Woodland	Government Offices-County
Yolo County Office of Edu	Woodland	Program Service-Educational
Yolo County Sheriff-Civil Div	Woodland	Government Offices-County

Source: California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2021 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 2017 through 2021.

SACRAMENTO, EL DORADO AND YOLO COUNTIES, STATE OF CALIFORNIA AND UNITED STATES Effective Buying Income 2017 through 2021

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
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
2020	Sacramento County	\$42,705,779	\$59,288
	El Dorado County	7,131,224	70,899
	Yolo County	6,659,365	61,003
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	Sacramento County	\$45,067,224	\$62,945
	El Dorado County	7,711,541	73,169
	Yolo County	6,592,331	60,602
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790

Source: The Nielsen Company (US), Inc for years 2017 and 2018; Claritas, LLC for 2019 through 2021.

Commercial Activity

Sacramento County. Total taxable sales during the first three quarters of calendar year 2020 in Sacramento County were reported to be \$19.433 billion, a 0.49% decrease over the total taxable sales of \$19.528 billion reported during the first three quarters of calendar year 2019.

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 2020 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
2015	23,543	\$15,221,223	35,584	\$22,043,196
2016	24,383	16,016,856	36,915	23,184,500
2017	24,501	16,729,885	37,317	24,405,149
2018	24,853	17,593,375	39,066	25,443,669
2019	25,530	18,156,992	40,858	26,717,621

Source: State Department of Tax and Fee Administration.

El Dorado County. Total taxable sales during the first three quarters of calendar year 2020 in El Dorado County were reported to be \$1.957 billion, a 5.19% increase over the total taxable sales of \$1.860 billion reported during the first three quarters of calendar year 2019.

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 2020 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
2015	2,343	\$1,481,255	6,619	\$2,058,534
2016	4,327	1,559,352	6,760	2,184,807
2017	4,331	1,670,028	6,796	2,307,481
2018	4,216	1,771,739	6,836	2,369,664
2019	4,183	1,876,936	6,917	2,544,004

Source: State Department of Tax and Fee Administration.

Yolo County. Total taxable sales during the first three quarters of calendar year 2020 in Yolo County were reported to be \$3.371 billion, a 1.39% decrease from the total taxable sales of \$3.419 billion reported during the first three quarters of calendar year 2019.

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 2020 are not yet available.

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

<u>Year</u>	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2015 ⁽¹⁾	1,799	\$2,197,865	4,512	\$3,984,801
2016	2,733	2,281,957	4,646	3,937,145
2017	2,822	2,453,709	4,765	4,159,476
2018	2,907	2,739,170	5,154	4,572,356
2019	2,875	2,711,980	5,224	4,658,980

Source: State Department of Tax and Fee Administration.

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 2020 are not yet available.

SACRAMENTO COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>					
New Single-family	\$547,340.7	\$611,073.6	\$744,006.3	\$1,069,568.4	\$1,108,399.9
New Multi-family	108,510.7	83,282.9	242,222.8	158,638.0	265,188.8
Res. Alterations/Additions	<u>241,507.7</u>	<u>255,821.8</u>	<u>214,028.1</u>	<u>276,723.6</u>	<u>293,210.5</u>
Total Residential	897,359.1	950,178.3	1,200,257.2	1,504,930.0	1,666,799.2
New Commercial	165,016.0	489,080.1	298,496.5	303,805.9	666,664.3
New Industrial	0.0	150.0	3,026.0	14,151.1	31,851.4
New Other	92,108.8	126,750.6	112,607.4	128,325.7	105,555.1
Com. Alterations/Additions	<u>394,305.5</u>	<u>418,862.1</u>	<u>265,276.7</u>	<u>518,663.2</u>	<u>700,604.0</u>
Total Nonresidential	651,430.3	1,034,842.8	679,406.6	964,945.9	1,504,674.8
<u>New Dwelling Units</u>					
Single Family	2,358	276	3,174	3,589	3,981
Multiple Family	<u>815</u>	<u>609</u>	<u>1,761</u>	<u>1,272</u>	<u>2,008</u>
TOTAL	3,173	885	4,935	4,861	5,989

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 2020 are not yet available.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Permit Valuation					
New Single-family	\$237,724.2	\$315,047.3	\$307,620.9	\$221,702.9	\$404,049.4
New Multi-family	0.0	0.0	650.0	2,458.5	14,250.0
Res. Alterations/Additions	<u>35,275.2</u>	<u>35,732.9</u>	<u>35,706.8</u>	<u>50,395.3</u>	<u>39,291.3</u>
Total Residential	272,999.4	350,780.2	343,977.8	274,556.7	457,590.7
New Commercial	39,880.2	17,550.6	15,295.6	37,141.5	42,622.0
New Industrial	0.0	167.6	0.0	1,024.1	0.0
New Other	28,128.8	49,335.5	40,288.3	48,961.4	35,357.3
Com. Alterations/Additions	<u>17,758.5</u>	<u>24,003.1</u>	<u>22,931.0</u>	<u>21,186.3</u>	<u>27,883.6</u>
Total Nonresidential	85,767.5	91,056.8	78,514.9	108,313.3	105,862.9
New Dwelling Units					
Single Family	574	799	814	613	595
Multiple Family	<u>0</u>	<u>0</u>	<u>6</u>	<u>6</u>	<u>18</u>
TOTAL	574	799	820	619	613

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 2020 are not yet available.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Permit Valuation:					
New Single-family	\$106,087.1	\$158,444.1	\$101,989.5	\$121,556.8	\$215,616.8
New Multi-family	16,608.6	23,248.1	36,919.7	67,228.8	66,106.0
Res. Alterations/Additions	<u>27,605.8</u>	<u>36,036.0</u>	<u>30,530.9</u>	<u>35,499.2</u>	<u>28,876.0</u>
Total Residential	150,301.5	217,728.2	169,440.0	224,284.8	310,598.8
New Commercial	25,413.5	66,119.3	84,944.6	87,193.3	107,134.4
New Industrial	410.5	1,200.0	29,816.7	10,324.1	4,106.3
New Other	16,154.4	31,119.8	13,414.8	20,434.9	14,368.4
Alterations/Additions	<u>50,896.2</u>	<u>26,781.0</u>	<u>42,268.7</u>	<u>72,482.8</u>	<u>104,473.7</u>
Total Nonresidential	\$92,874.6	125,200.1	170,444.8	190,435.1	230,082.8
New Dwelling Units					
Single Family	355	576	370	400	716
Multiple Family	<u>81</u>	<u>122</u>	<u>159</u>	<u>389</u>	<u>292</u>
TOTAL	436	698	529	789	1,008

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D

**PROPOSED FORM OF OPINION OF BOND COUNSEL
SERIES E BONDS**

[LETTERHEAD OF JONES HALL]

[Closing Date]

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, Election of 2008, Series E

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 \$_____ principal amount of Los Rios Community College District (Sacramento County, California) General Obligation Bonds, Election of 2008, Series E, 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 a resolution adopted by the Board of Trustees of the District (the "Board") on April 14, 2021 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications and opinions furnished to us, without undertaking to verify such facts 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 unified school 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 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 authorized, executed and delivered by the District and are valid and binding general obligations of the District, and the Boards of Supervisors of Sacramento County, El Dorado County, Yolo County, Solano County and Placer County are obligated under

the laws of the State of California to cause to be levied a tax without limit as to rate or amount upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.

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.

Respectfully submitted,

A Professional Law Corporation

**PROPOSED FORM OF OPINION OF BOND COUNSEL
REFUNDING BONDS**

[LETTERHEAD OF JONES HALL]

[Closing Date]

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

OPINION: \$_____ Los Rios Community College District
 (Sacramento County, California)
 2021 Refunding General Obligation Bonds

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 \$_____ principal amount of Los Rios Community College District (Sacramento County, California) 2021 Refunding General Obligation Bonds, dated the date hereof (the "Bonds"), under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the "Act"), and a resolution adopted by the Board of Trustees of the District (the "Board") on April 14, 2021 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications and opinions furnished to us, without undertaking to verify such facts 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 unified school 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 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 authorized, executed and delivered by the District and are valid and binding general obligations of the District, and the Boards of Supervisors of Sacramento County, El Dorado County, Yolo County, Solano County and Placer County are obligated under the laws of the State of California to cause to be levied a tax without limit as to rate or amount upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.

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.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[APPLICABLE BOND CAPTION]

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 and delivery of the captioned bonds (the “**Bonds**”). The captioned Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on April 14, 2021 (the “**Resolution**”). The County of Sacramento, Director of Finance, Sacramento, California, is initially acting as paying agent for the Bonds (the “**Paying Agent**”). The District hereby covenants and agrees as follows:

Section 1. Purpose of this 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 Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Resolutions, 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.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently March 31).

“*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 and the Paying Agent 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.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Paying Agent*” means the County of Sacramento, Director of Finance, Sacramento, California, or any successor thereto.

“*Participating Underwriter*” means 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 not later than March 31, 2022 with the report for the 2020-21 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 in a timely manner shall provide (or cause the Dissemination Agent to provide) notice to the MSRB, in an electronic format in a form as prescribed by the MSRB, , 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 with respect to the most recently completed fiscal year or, if available at the time of filing, the then-current fiscal year:

- (i) assessed valuation of taxable properties in the District for the most recently completed fiscal year, or if available, the current fiscal year;
- (ii) assessed valuation of properties of the top twenty taxpayers for the most recently completed fiscal year, or if available, the current fiscal year;
- (iii) if the District's general obligation bond levies are not included in the County of Sacramento's Teeter Plan, property tax collection delinquencies for the District for the most recently completed Fiscal Year only if available from the County at the time of filing the Annual Report; and
- (iv) the District's most recently adopted budget or interim report available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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.

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 Listed 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 paying agent or the change of name of a paying agent, if material.
- (15) Incurrence of a financial obligation (defined in subparagraph (e) below) 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.

(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 (a)(15) of this Section 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 it 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 (a)(16), the term “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(c).

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 Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying 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 Resolutions for amendments to the Resolutions 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(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent 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. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or 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 Resolutions, 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.

(a) 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 they 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 Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

Date: _____, 2021

LOS RIOS COMMUNITY COLLEGE DISTRICT

By: _____
Name: _____
Title: _____

APPENDIX F

DTC AND THE 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 POOL
INVESTMENT POLICY AND INVESTMENT REPORT**