

**NEW ISSUE -- FULL BOOK-ENTRY**

**RATING: Moody's: "\_\_\_\_"**  
**See "RATING" herein**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Federally Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.*

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**  
**(Butte and Glenn Counties, California)**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the 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.

\* Preliminary, subject to change.

\$ \_\_\_\_\_\*  
Election of 2016 General Obligation Bonds,  
Series C (Tax-Exempt)

\$ \_\_\_\_\_\*  
2022 General Obligation Refunding Bonds,  
Series A (Tax-Exempt)

\$ \_\_\_\_\_\*  
2022 General Obligation Refunding Bonds,  
Series B (Federally Taxable)

**Dated: Date of Delivery**

**Due: August 1, as shown on the inside cover**

*This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.*

The Butte-Glenn Community College District (Butte and Glenn Counties, California) Election of 2016 General Obligation Bonds, Series C (the "Series C Bonds") were authorized at an election of the registered voters of the Butte-Glenn Community College District (the "District") held on November 8, 2016 at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$190,000,000 principal amount of general obligation bonds of the District. The Series C Bonds are being issued by the District to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the Series C Bonds.

The Butte-Glenn Community College District (Butte and Glenn Counties, California) 2022 General Obligation Refunding Bonds, Series A (Tax-Exempt) (the "Series A Refunding Bonds") and the Butte-Glenn Community College District (Butte and Glenn Counties, California) 2022 General Obligation Refunding Bonds, Series B (Federally Taxable) (the "Series B Refunding Bonds," and together with the Series A Refunding Bonds and the Series C Bonds, the "Bonds") are being issued by the Butte-Glenn Community College District (the "District") to (i) refund portions of the District's outstanding Prior Bonds, and (ii) pay the costs of issuance of the Refunding Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of Butte County and Glenn County are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates).

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, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery thereof and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2022. The Bonds are issuable as fully registered Bonds in denominations of \$5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

**The Bonds are subject to optional and mandatory sinking fund redemption as further described herein.\***

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**MATURITY SCHEDULE**

**(see inside front cover)**

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*The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, Denver, Colorado. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2022.*

**Morgan Stanley**

Dated:

\* Preliminary, subject to change.

**Maturity Schedule\***

**Base CUSIP<sup>(1)</sup>:**

\$ \_\_\_\_\_  
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**  
**(Butte and Glenn Counties, California)**  
**Election of 2016 General Obligation Bonds, Series C**  
**(Tax-Exempt)**

	\$ _____	Serial Bonds		
<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u> <u>Suffix</u>

\$ \_\_\_\_\_ – \_\_\_\_ % Term Bonds due August 1, 20\_\_ - Yield: \_\_\_\_ %; CUSIP<sup>(1)</sup> Suffix:

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\* Preliminary, subject to change.

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**Maturity Schedule\***

**Base CUSIP<sup>(1)</sup>:**

\$ \_\_\_\_\_  
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**  
**(Butte and Glenn Counties, California)**  
**2022 General Obligation Refunding Bonds, Series A**  
**(Tax-Exempt)**

	\$ _____ Serial Bonds				
<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u> <u>Suffix</u>	

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\* Preliminary, subject to change.

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**Maturity Schedule\***

**Base CUSIP<sup>(1)</sup>:**

\$ \_\_\_\_\_  
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**  
**(Butte and Glenn Counties, California)**  
**2022 General Obligation Refunding Bonds, Series B**  
**(Federally Taxable)**

	\$ _____	Serial Bonds		
<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u> <u>Suffix</u>

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\* Preliminary, subject to change.

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This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. The Bonds are not registered under the securities laws of any state. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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 in this Official Statement, 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 Underwriter has provided the following sentence for inclusion in this Official Statement:

“The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented there is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**

**Board of Trustees**

Julie Boss, *President, Area 6*  
Rick Krepelka, *Vice President, Area 3*  
Eugene Massa, *Clerk, Area 7*  
Michael Boeger, *Member, Area 4*  
John Blacklock, *Member, Area 5*  
John Dahlmeier, *Member, Area 1*  
William McGinnis, *Member, Area 2*

**District Administration**

Dr. Samia Yaqub, *Superintendent/President*<sup>(1)</sup>  
Andrew Suleski, *Vice President, Administration*  
Jim Nicholas, *Director, Business Services*

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**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Stradling Yocca Carlson & Rauth,  
a Professional Corporation  
*San Francisco, California*

**Municipal Advisor**

Isom Advisors, a Division of Urban Futures, Inc.  
*Walnut Creek, California*

**Paying Agent and Escrow Agent**

The Bank of New York Mellon Trust Company, N.A.  
*Dallas, Texas*

**Verification Agent**

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

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<sup>(1)</sup> Dr. Yaqub has announced her intention to retire from the District at the conclusion of the 2021-22 fiscal year. The District is currently in the process of selecting a replacement.

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\$ \_\_\_\_\_<sup>\*</sup>  
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**  
**(Butte and Glenn Counties, California)**  
**Election of 2016 General Obligation Bonds, Series C**  
**(Tax-Exempt)**

\$ \_\_\_\_\_<sup>\*</sup>  
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**  
**(Butte and Glenn Counties, California)**  
**2022 General Obligation Refunding Bonds, Series A**  
**(Tax-Exempt)**

\$ \_\_\_\_\_<sup>\*</sup>  
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**  
**(Butte and Glenn Counties, California)**  
**2022 General Obligation Refunding Bonds, Series B**  
**(Federally Taxable)**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of the (i) Butte-Glenn Community College District (Butte and Glenn Counties, California) Election of 2016 General Obligation Bonds, Series C (Tax-Exempt) (the “Series C Bonds”), (ii) Butte-Glenn Community College District (Butte and Glenn Counties, California) 2022 General Obligation Refunding Bonds, Series A (Tax-Exempt) (the “Series A Refunding Bonds”) and (iii) Butte-Glenn Community College District (Butte and Glenn Counties, California) 2022 General Obligation Refunding Bonds, Series B (Federally Taxable) (the “Series B Refunding Bonds,” and together with the Series C Bonds and the Series A Refunding Bonds, the “Bonds”).

The Series A Refunding Bonds and the Series B Refunding Bonds are referred to collectively herein as the “Refunding Bonds.” In addition, for purposes of discussing certain federal and state income taxation matters herein, the Series C Bonds and the Series A Refunding Bonds are referred to collectively as the “Tax-Exempt Bonds,” while the Series B Refunding Bonds are referred to as the “Federally Taxable Bonds.”

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

**The District**

The Butte-Glenn Community College District (the “District”) is located in Butte County (the “County”) and Glenn County, California (together with the County, the “Counties”). Established in 1967, the District provides collegiate level instruction in grades 13 and 14 to residents in the cities of Oroville,

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<sup>\*</sup> Preliminary, subject to change.

Chico, Paradise, Gridley, Orland, Hamilton City, Biggs and Willows. The District currently operates one college, Butte College in Oroville, as well as two learning centers in the cities of Chico and Orland and an additional instruction site in the city of Chico. Butte College is fully accredited by the Accrediting Commission for Community and Junior Colleges (the “ACCJC”). For fiscal year 2021-22, the District has projected a full-time equivalent students (“FTES”) count of \_\_\_\_\_, and taxable property in the District has an assessed valuation of \$27,870,388,396. The District FTES count and the assessed valuation of taxable property within the District may be affected by the ongoing COVID-19 (as defined herein) pandemic. See “BUTTE-GLENN COMMUNITY COLLEGE DISTRICT – Considerations Regarding COVID-19” herein.

The governing board of the District is the Board of Trustees (the “Board”). The Board includes seven voting members elected by the voters of the District within seven trustee areas. Each member of the Board serves a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent/President appointed by the Board. Dr. Samia Yaqub currently serves as the District’s Superintendent/President.

For more information about the District generally, see “BUTTE-GLENN COMMUNITY COLLEGE DISTRICT” herein. For more information regarding the District’s assessed valuation, see “TAX BASE FOR REPAYMENT OF BONDS” herein. The District’s audited financial statements for fiscal year ended June 30, 2021 are attached hereto as APPENDIX B and should be read in their entirety.

### **Purpose of Issue**

The proceeds of the Series C Bonds will be used to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the Series C Bonds.

The proceeds of the Refunding Bonds will be used to (i) refund certain of the District’s outstanding 2012 General Obligation Refunding Bonds (the “2012 Refunding Bonds”) and 2015 General Obligation Refunding Bonds (the “2015 Refunding Bonds,” and together with the 2012 Refunding Bonds, the “Prior Bonds”), and (ii) pay the costs of issuing the Refunding Bonds. The Prior Bonds to be refunded with proceeds of the Refunding Bonds are referred to herein as the “Refunded Bonds.”

See “THE BONDS – Application and Investment of Bond Proceeds” herein.

### **Authority for Issuance of the Bonds**

The Series C Bonds are issued pursuant to certain provisions of the Government Code, the California Constitution and other applicable law, and pursuant to a resolution adopted by the Board on April 13, 2022 (the “Series C Resolution”). See “THE BONDS – Authority for Issuance – *Series C Bonds*” herein.

The Refunding Bonds are issued pursuant to certain provisions of the Government Code, and pursuant to a resolution adopted by the Board on April 13, 2022 (the “Refunding Resolution,” and together with the Series C Resolution, the “Resolutions”). See “THE BONDS – Authority for Issuance – *Refunding Bonds*” herein.

### **Security and Sources of Payment for the Bonds**

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to annually levy

such *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates). See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

### **Description of the Bonds**

***Form and Registration.*** The Bonds will be issued in fully registered form only, without coupons, and will mature on August 1 in the years indicated on the inside cover pages hereof. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. See “THE BONDS – General Provisions” and “THE BONDS – Book-Entry Only System” herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions. See “THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners” herein.

**So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the “Owners” “Bond Owners” or “Holders” of the Bonds (other than under the captions “INTRODUCTION – Tax Matters” and “TAX MATTERS,” and in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.**

***Denominations.*** Individual purchases of interests in the Bonds will be available in the denominations of \$5,000 principal amount or any integral multiple thereof.

***Redemption.*** The Bonds are subject to optional and mandatory sinking fund redemption, as further provided herein. See “THE BONDS– Redemption” herein.

***Payments.*** The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their initial date of delivery (the “Date of Delivery”), and be payable semiannually on each February 1 and August 1 (each, a “Bond Payment Date”), commencing August 1, 2022. Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover pages hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the “Paying Agent”) to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, has been appointed Paying Agent for the Bonds. See “THE BONDS – Book-Entry Only System” herein.

## **Tax Matters**

***Tax-Exempt Bonds.*** In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Tax-Exempt Bonds is exempt from State of California (the “State”) personal income tax. See “TAX MATTERS – Tax-Exempt Bonds” herein.

***Federally Taxable Bonds.*** In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Federally Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Federally Taxable Bonds is exempt from State of California personal income tax. See “TAX MATTERS – Federally Taxable Bonds” herein

## **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2022.

## **Bond Owner’s Risks**

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all property subject to taxation by the District, as further described herein. For more complete information on the taxation of property within the District, and certain other considerations, see “TAX BASE FOR REPAYMENT OF BONDS” and “LIMITATION ON REMEDIES; BANKRUPTCY” herein.

## **Continuing Disclosure**

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Morgan Stanley & Co. LLC (the “Underwriter”) in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The specific nature of the information to be made available and of the notices of listed events required to be provided are summarized in “LEGAL MATTERS – Continuing Disclosure” herein and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto.

## **Professionals Involved in the Offering**

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District and Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, is acting as Municipal Advisor to the District, each with respect to the Bonds. Bond Counsel, Disclosure Counsel and the Municipal Advisor will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for

the Underwriter by Kutak Rock LLP, Denver, Colorado. In addition to acting as Paying Agent, The Bank of New Mellon Trust Company, N.A. will act as Escrow Agent (defined herein) for the Refunded Bonds. Causey Demgen & Moore, P.C., Denver, Colorado, will act as Verification Agent (as defined herein) for the Refunded Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds and the District.

### **Forward Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Vice President, Administration, Butte-Glenn Community College District, 3536 Butte Campus Drive, Oroville, California 95965. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall 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.

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

Certain of the information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there

has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions.

## THE BONDS

### Authority for Issuance

**Series C Bonds.** The Series C Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Act”), commencing with Section 53506 *et seq.*, as amended, Article XIII A of the California Constitution and other applicable law, and the Series C Resolution. The District received authorization at an election held on November 8, 2016 by the requisite 55% of the votes cast by eligible voters within the District to issue \$190,000,000 aggregate principal amount of general obligation bonds (the “2016 Authorization”). The Bonds are the third series of bonds issued under the 2016 Authorization, and following the issuance thereof, \$\_\_\_\_\_ of the 2016 Authorization will remain unissued.

**Refunding Bonds.** The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and pursuant to the Refunding Resolution.

### Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to annually levy such *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates).

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest thereon when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the Counties has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the Counties are not obligated to establish or maintain such a reserve, and the District can make no representations that the Counties will do so in future years. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (as defined herein) established by the Resolutions, which funds are required to be segregated and maintained by the County and which is designated for the payment of the series of Bonds to which such fund relates and interest thereon when due, and for no other purpose. Pursuant to the Resolutions, the District has pledged funds on deposit in the Debt Service Funds to the payment of the respective series of the Bonds to which such fund relates. Although the Counties are obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and the County will maintain the Debt Service Funds, the Bonds are not a debt of the Counties.

The moneys in the Debt Service Funds, to the extent necessary to pay the principal of, and interest on the series of Bonds to which such fund relates, as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for

remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The rate of the annual *ad valorem* property taxes levied by the Counties to pay 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 in any year. Fluctuations in the annual debt service due on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, outbreaks of disease, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, toxic contamination or flooding could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

### **Statutory Lien**

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

### **General Provisions**

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 interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. See "THE BONDS – Book Entry Only System" herein.

The Bonds will be issued as current interest bonds, such that interest thereon will be payable semiannually on each Bond Payment Date, commencing August 1, 2022. Interest on the Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and

including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2022, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount, or any integral multiple thereof, and mature on August 1 in the years and amounts set forth on the inside cover pages hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month preceding any Bond Payment Date (a “Record Date”), whether or not such day is a business day, such interest to be paid by wire transfer on such Bond Payment Date to such bank and account number as the registered Owner may have filed with the Paying Agent for that purpose. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See “THE BONDS – Book-Entry Only System” herein.

## **Redemption**

***Optional Redemption.***\* The Series C Bonds maturing on or before August 1, 20\_\_ are not subject to redemption. The Series C Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Series C Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Series A Refunding Bonds maturing on or before August 1, 20\_\_ are not subject to redemption. The Series A Refunding Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Series A Refunding Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Series B Refunding Bonds maturing on or before August 1, 20\_\_ are not subject to redemption. The Series B Refunding Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Series B Refunding Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

***Mandatory Sinking Fund Redemption.***\* The Series C Bonds maturing on August 1, 20\_\_ (the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Term Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

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\* Preliminary, subject to change.

**Redemption Date**  
**(August 1)**

**Principal**  
**To Be Redeemed**

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<sup>(1)</sup> Maturity.

In the event that a portion of the Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

***Selection of Bonds for Redemption.*** Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in a principal amount of \$5,000, or any integral multiple thereof.

***Redemption Notice.*** When redemption is authorized or required pursuant to the Resolutions, the Paying Agent, upon written instruction from the District, will give notice (a “Redemption Notice”) of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) the Redemption Notice will be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or, in the absence of such specification, as the Paying Agent may select.

“Securities Depository” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolutions will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

***Payment of Redeemed Bonds.*** When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest and premium, if any) is irrevocably set aside in trust for that purpose, as described in “—Defeasance,” the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

***Partial Redemption of Bonds.*** Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the Counties and the District will be released and discharged thereupon from all liability to the extent of such payment.

***Effect of Redemption Notice.*** If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in “—Defeasance,” and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

***Rescission of Redemption Notice.*** With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in “—Defeasance,” such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

***Bonds No Longer Outstanding.*** When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form

satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

### **Book-Entry Only System**

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates 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 Official Statement. 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.*

The DTC, New York, NY, will act as securities depository for 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 certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 3.6 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 is rated "AA+" by Standard & Poor's. 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](http://www.dtcc.com).

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 certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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 DTC 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.

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.

Redemption notices shall 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distribution 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 the 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 the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distribution to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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.

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

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.

### **Discontinuation of Book-Entry Only System; Payment to Beneficial Owners**

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its designated corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in the Resolutions (the "Bond Register"). Subject to the provisions of the Resolutions, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond for all purposes of the Resolutions. Payment of or on account of the principal of and interest and premium, if any, on any Bond will be made only to or upon the order of that person; neither the District, nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Resolutions. All such payments will be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

*In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.*

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Dallas, Texas. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register 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. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date, or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

## Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the applicable Debt Service Fund, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with any amounts transferred from the applicable Debt Service Fund and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of an independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Bonds not so surrendered and paid, all sums due with respect thereto.

“Government Obligations” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”) or Moody’s Investors Service (“Moody’s”).

## Application and Investment of Bond Proceeds

**Series C Bonds.** The proceeds of the sale from the Series C Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of the building fund created by the Series C Resolution (the “Building Fund”), and will be applied solely for the purposes for which the Series C Bonds are being issued. Interest earnings in the Building Fund will be retained therein.

**Refunding Bonds.** The table below reflects information on the maturities of the Refunded Bonds expected to be refunded with proceeds of the Refunding Bonds.

**REFUNDED BONDS\***  
**Butte-Glenn Community College District**  
**2012 General Obligation Refunding Bonds**

<u>Maturity Date</u> <u>(August 1)</u>	<u>CUSIP</u>	<u>Principal</u> <u>Amount</u>	<u>Date of</u> <u>Redemption</u>	<u>Redemption Price</u> <u>(% of principal)</u>
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**REFUNDED BONDS\***  
**Butte-Glenn Community College District**  
**2015 General Obligation Refunding Bonds**

<u>Maturity Date</u> <u>(August 1)</u>	<u>CUSIP</u>	<u>Principal</u> <u>Amount</u>	<u>Date of</u> <u>Redemption</u>	<u>Redemption Price</u> <u>(% of principal)</u>
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The net proceeds from the sale of the Bonds shall be deposited with The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the “Escrow Agent”), to the credit of a certain escrow fund (the “Escrow Fund”) held pursuant to an escrow agreement (an “Escrow Agreement”), by and between the District and the Escrow Agent. A portion of the amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America, the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal of the Refunded Bonds on the first respective optional redemption dates therefor, as described above, as well as the interest due on such Refunded Bonds on or before such dates.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption prices of the Refunded Bonds, each as described above, will be verified by Causey Demgen & Moore P.C. (the “Verification Agent”). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Refunded Bonds will be defeased as of the Closing Date, and the obligation of the Counties to levy *ad valorem* property taxes for payment of such Refunded Bonds will terminate. See also “LEGAL MATTERS – Escrow Verification” herein

**Debt Service Funds.** The *ad valorem* property taxes levied by the Counties for the payment of the Bonds, when collected, are required to be held separate and apart by the County in the debt service funds relating to each series of the Bonds created by the Resolutions (the “Debt Service Funds”), and used only for payment of principal of and interest on the related series of Bonds. Accrued interest and, with respect to the Series C Bonds any premium received upon the sale thereof, will be deposited into the respective Debt Service Fund. Any interest earnings on moneys held in the Debt Service Funds will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Funds, said moneys will be transferred to the general fund of the District as provided and permitted by law.

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\* Preliminary, subject to change.

**Investment of Funds.** Moneys in the Escrow Fund will be invested as described above. Moneys in the Debt Service Funds and the Building Fund will be invested through the County’s pooled investment fund. See “APPENDIX E - BUTTE COUNTY INVESTMENT POOL” attached hereto.

**ESTIMATED SOURCES AND USES OF FUNDS**

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

	<b>Series C <u>Bonds</u></b>	<b>Series A Refunding <u>Bonds</u></b>	<b>Series B Refunding <u>Bonds</u></b>
<b>Sources of Funds</b>			
Principal Amount			
[Net] Original Issue [Premium/Discount]			
Total Sources			
<b>Uses of Funds</b>			
Building Fund			
Debt Service Funds			
Escrow Fund			
Costs of Issuance <sup>(1)</sup>			
Total Uses			

<sup>(1)</sup> Reflects all costs of issuance, including, but not limited to, the Underwriter’s discount, legal and municipal advisor fees, printing costs, rating agency fees, and the costs and fees of the Paying Agent, the Escrow Agent and the Verification Agent.

## DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Bonds (assuming no further optional redemptions are made):

<u>Year Ending (Aug. 1)</u>	<u>Series C Bonds</u>		<u>Series A Refunding Bonds</u>		<u>Series B Refunding Bonds</u>		<u>Total Annual Debt Service</u>
	<u>Annual Principal Payment</u>	<u>Annual Interest Payment<sup>(1)</sup></u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment<sup>(1)</sup></u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment<sup>(1)</sup></u>	

Total:

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<sup>(1)</sup> Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2022.

See “BUTTE-GLENN COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds” herein for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

## **TAX BASE FOR REPAYMENT OF BONDS**

*The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem property taxes levied and collected by the Counties on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

### ***Ad Valorem Property Taxation***

District property taxes are assessed and collected by the Counties at the same time and on the same tax rolls as county, city and special district taxes. Assessed valuations are the same for both District and Counties taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. Each of the Counties levies and collects all property taxes for property falling within the respective county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the respective treasurer-tax collector (or equivalent officer) of the Counties. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of \$10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a \$15 redemption fee and a redemption penalty of 1.5% 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 Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "– Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including K-14 school districts (as defined herein) will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

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## Assessed Valuations

The following tables show the assessed valuations for the District for fiscal years 2012-13 through 2021-22, 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.

### ASSESSED VALUATIONS Fiscal Years 2012-13 through 2021-22 Butte-Glenn Community College District

#### Butte County Portion

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2012-13	\$16,725,683,687	\$4,857,082	\$906,004,017	\$17,636,544,786	--
2013-14	16,982,172,736	4,821,511	933,688,410	17,920,682,657	1.61%
2014-15	17,567,611,075	6,270,694	986,793,184	18,560,674,953	3.57
2015-16	18,456,755,900	6,270,694	1,001,854,641	19,464,881,235	4.87
2016-17	19,220,286,298	6,275,182	1,054,434,115	20,280,995,595	4.19
2017-18	20,300,862,619	6,171,425	1,083,977,958	21,391,012,002	5.47
2018-19	21,353,308,792	6,425,393	1,159,415,555	22,519,149,740	5.27
2019-20	20,634,739,575	5,899,881	1,206,261,877	21,846,901,333	(2.99)
2020-21	21,866,064,886	5,904,610	1,246,540,601	23,118,510,097	5.82
2021-22	22,808,012,418	5,905,805	1,252,514,156	24,066,432,379	4.10

#### Glenn County Portion

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2012-13	\$2,327,469,527	\$1,934,664	\$118,186,982	\$2,447,591,173	--
2013-14	2,399,948,176	1,922,288	126,284,141	2,528,154,605	3.29
2014-15	2,455,724,622	1,922,288	136,953,731	2,594,600,641	2.63
2015-16	2,608,460,585	2,124,483	151,062,049	2,761,647,117	6.44
2016-17	2,727,966,951	1,879,983	137,422,828	2,867,269,762	3.82
2017-18	2,832,099,358	1,831,279	133,867,457	2,967,798,094	3.51
2018-19	2,972,691,890	1,789,609	140,896,313	3,115,386,812	4.97
2019-20	3,295,566,019	1,656,033	145,937,838	3,443,159,890	10.52
2020-21	3,539,233,508	1,550,533	153,079,541	3,693,863,582	7.28
2021-22	3,647,319,238	1,550,533	155,086,246	3,803,956,017	2.98

#### Total District

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2012-13	\$19,053,153,214	\$6,791,746	\$1,024,190,999	\$20,084,135,959	--
2013-14	19,382,120,912	6,743,799	1,059,972,551	20,448,837,262	1.82
2014-15	20,023,335,697	8,192,982	1,123,746,915	21,155,275,594	3.45
2015-16	21,065,216,485	8,395,177	1,152,916,690	22,226,528,352	5.06
2016-17	21,948,253,249	8,155,165	1,191,856,943	23,148,265,357	4.15
2017-18	23,132,961,977	8,002,704	1,217,845,415	24,358,810,096	5.23
2018-19	24,326,000,682	8,224,002	1,300,311,868	25,634,536,552	5.24
2019-20	23,930,305,594	7,555,914	1,352,199,715	25,290,061,223	(1.34)
2020-21	25,405,298,394	7,455,143	1,399,620,142	26,812,373,679	6.02
2021-22	26,455,331,656	7,456,338	1,407,600,402	27,870,388,396	3.95

Source: California Municipal Statistics, Inc. (except for the percent change).

Economic and other factors beyond the District's control, such as general market decline in property values, outbreaks of disease, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, toxic contamination, or flooding could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the Counties to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

***Considerations Regarding Oroville Dam.*** The Oroville Complex is located east of the City of Oroville, at the junction of the main tributaries of the Feather River, and is within the boundaries of the District. The Oroville Complex, built and operated by the State of California Department of Water Resources ("DWR"), includes the reservoir known as Lake Oroville and the Oroville Dam. Prolonged periods of rain in late 2016 and early 2017 raised water levels in Lake Oroville, resulting in increased water outflows from Lake Oroville and erosion damage to the main concrete flood control spillway and earthen emergency flood control spillway that are part of the Oroville Complex.

DWR's final reconstruction plans were approved by the California Division of Safety of Dams and the Federal Energy Regulatory Commission in July of 2017. The first phase of construction was completed by the November 1, 2017 target date. The primary objective of this first phase of construction was to ensure that main spillway could safely pass 100,000 cubic feet of water per second during the winter of 2017 and spring of 2018. Construction included removal and reconstruction of 2,270 feet of the main spillway, as well as repairs to the uppermost portion of the main spillway.

On October 22, 2018, DWR successfully completed reconstruction of the main spillway by completing placement of all concrete slabs and walls. As rebuilt, the main spillway is designed to handle flows of 270,000 cubic feet per second. The remaining construction was completed in 2019 and included (i) minor finishing work on the main spillway, including sidewall backfill, collector drain riser installation and site clean-up, (ii) site rough grading and hillside hydroseeding, and (iii) the construction of a concrete buttress and splashpad on the hillside below the emergency flood control spillway to dissipate the energy of any future emergency waterflows.

Following completion of these repair efforts, DWR's Department of Engineering submitted, on October 30, 2020, a comprehensive needs assessment (the "Assessment") on the Oroville Complex. The purpose of the Assessment was to (i) identify and prioritize dam safety and operational needs at the Oroville Complex, (ii) identify measures to improve the safety and reliability of the Oroville Dam and its related structures, and (iii) identify potential plans or combinations of measures at the Oroville Complex for DWR management to consider for future implementation and prioritization through normal practices and procedures.

The Assessment concluded that no additional urgent repairs were needed. The Assessment did identify certain areas of risk, but the vast majority of them were found to be tolerable or even negligible. While no unacceptable risks were found, there were several potential vulnerabilities for which further consideration was recommended. Among these risks were the possibility of erosion on the unlined emergency spillway or the upper portion of the dam, and that a rare, extreme storm could cause water to flow over the dam and create a breach.

Additional information regarding the repairs to the Oroville Complex is available at <http://www.water.ca.gov/oroville-spillway>. The information presented on such website, however, is not incorporated herein by any reference.

The District can make no representation as to the quality of the repairs described above or whether such repairs will prevent additional erosion of the flood control spillways. Significant water outflows from Lake Oroville could cause damage or destruction to taxable property within the District.

***Seismic Events.*** An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the assessed valuation of property within the District, or more generally the region's economy.

***Drought.*** In recent years California has experienced severe drought conditions. In January of 2014, the Governor declared a statewide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history, the State's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 39 counties throughout the State. On July 8, 2021 the Governor expanded the declaration to further include an additional nine counties, and on October 19, 2021, the Governor expanded the declaration to include the last eight counties in the State.

***Wildfires.*** In November 2018, a wildfire known as the "Camp Fire" burned approximately 153,000 acres of land in the County, including property within the District. The Camp Fire was a highly destructive fire, destroying 18,804 structures and causing an estimated \$16.5 billion in damages. The communities of Concow and Paradise were destroyed, losing an estimated 95 percent of their buildings and the towns of Magalia and Pulga suffered substantial damage.

**[TO BE UPDATED]** As of April 2019, the County Assessor's office had removed over \$1.054 billion in improvement value from the fiscal year 2018-19 assessment roll through the processing of 16,242 calamity reassessments. The reductions made to the 2018-19 assessment roll only reflected the loss of structures from the date of the Camp Fire to the end of the 2018-19 fiscal year. Pursuant to Revenue and Taxation Code Section 170, property that incurred \$10,000 or more in real property damage from a State-declared disaster is eligible for disaster relief. Owners may file applications with the County Assessor for such a reassessment within 12 months of the date of the identified calamity. The value of the property is reduced or removed during the time the property is in a state of disrepair and then reinstated when the property is repaired. If the structure is restored to its original condition, the original base year value is enrolled, adjusted for an appropriate time factor. If a better quality or larger structure is built as a replacement, credit is given for the base year value of the original improvement and then additional value is added for the current market value of the upgraded or larger structure. See also "– Appeals and Adjustments of Assessed Valuation" herein.

Additional major wildfires have occurred in recent years in different regions of the State, including in the fall of 2020 and in the summer of 2021. Serious and significant property damage has resulted in other areas of the State due to these fires. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates

***Climate Change.*** In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. See also “—Drought” and “—Wildfires” above. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the District’s control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

***Appeals and Adjustments of Assessed Valuation.*** Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an 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. 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. Such reductions are subject to yearly reappraisals and may be 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. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, wildfire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIII A of the California Constitution” herein.

No assurance can be given that property tax appeals currently pending or in the future, or actions by county assessors, will not significantly reduce the assessed valuation of property within the District.

**Assessed Valuation of Single Family Homes.** The following table shows the distribution of single family homes within the District among various fiscal year 2021-22 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

**ASSESSED VALUATION OF SINGLE FAMILY HOMES  
Fiscal Year 2021-22  
Butte-Glenn Community College District**

	<u>No. of Parcels</u>	<u>2021-22 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	59,233	\$15,391,802,536	\$259,852	\$225,127

<u>2021-22 Assessed Valuation</u>	<u>No. of Parcels<sup>(1)</sup></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	440	0.743%	0.743%	\$7,411,833	0.048%	0.048%
\$25,000 - \$49,999	1,751	2.956	3.699	68,791,127	0.447	0.495
\$50,000 - \$74,999	2,947	4.975	8.674	185,699,456	1.206	1.702
\$75,000 - \$99,999	3,813	6.437	15.112	335,419,477	2.179	3.881
\$100,000 - \$124,999	4,119	6.954	22.065	464,210,886	3.016	6.897
\$125,000 - \$149,999	4,226	7.135	29.200	581,198,096	3.776	10.673
\$150,000 - \$174,999	4,350	7.344	36.544	707,034,713	4.594	15.266
\$175,000 - \$199,999	4,132	6.976	43.520	773,935,615	5.028	20.295
\$200,000 - \$224,999	3,800	6.415	49.935	805,959,523	5.236	25.531
\$225,000 - \$249,999	3,623	6.117	56.052	859,993,733	5.587	31.118
\$250,000 - \$274,999	3,440	5.808	61.859	900,789,176	5.852	36.971
\$275,000 - \$299,999	3,220	5.436	67.295	924,327,080	6.005	42.976
\$300,000 - \$324,999	2,907	4.908	72.203	906,597,798	5.890	48.866
\$325,000 - \$349,999	2,604	4.396	76.599	877,705,669	5.702	54.568
\$350,000 - \$374,999	2,275	3.841	80.440	823,062,124	5.347	59.916
\$375,000 - \$399,999	1,845	3.115	83.555	712,906,986	4.632	64.548
\$400,000 - \$424,999	1,578	2.664	86.219	649,919,866	4.223	68.770
\$425,000 - \$449,999	1,337	2.257	88.476	583,610,561	3.792	72.562
\$450,000 - \$474,999	1,056	1.783	90.259	487,443,528	3.167	75.729
\$475,000 - \$499,999	863	1.457	91.716	420,041,601	2.729	78.458
\$500,000 and greater	<u>4,907</u>	<u>8.284</u>	100.000	<u>3,315,743,688</u>	<u>21.542</u>	100.000
	59,233	100.000%		\$15,391,802,536	100.000%	

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

**Assessed Valuations and Parcels by Land Use.** The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2021-22.

**ASSESSED VALUATION AND PARCELS BY LAND USE  
Fiscal Year 2021-22  
Butte-Glenn Community College District**

	<b>2021-22 Assessed Valuation<sup>(1)</sup></b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>
<b>Non-Residential:</b>				
Agricultural/Rural/Timber	\$2,298,622,968	8.69%	7,856	7.37%
Commercial/Office	2,600,054,396	9.83	5,394	5.06
Vacant Commercial	165,351,884	0.63	1,026	0.96
Industrial	1,127,914,313	4.26	1,745	1.64
Vacant Industrial	89,083,596	0.34	391	0.37
Recreational	68,399,566	0.26	582	0.55
Government/Social/Institutional	330,792,437	1.25	2,145	2.01
Vacant Other	42,996,468	0.16	262	0.25
Miscellaneous	<u>71,326,525</u>	<u>0.27</u>	<u>1,459</u>	<u>1.37</u>
Subtotal Non-Residential	\$6,794,542,153	25.68%	20,860	19.56%
<b>Residential:</b>				
Single Family Residence	\$15,391,802,536	58.18%	59,233	55.53%
Condominium/Townhouse	401,120,960	1.52	2,222	2.08
Mobile Home	579,181,246	2.19	7,812	7.32
Mobile Home Park	186,412,034	0.70	162	0.15
2-4 Residential Units	1,150,227,355	4.35	2,077	1.95
5+ Residential Units/Apartments	1,247,243,377	4.71	1,912	1.79
Miscellaneous Residential Improvements	112,135,764	0.42	854	0.80
Vacant Residential	<u>592,666,231</u>	<u>2.24</u>	<u>11,527</u>	<u>10.81</u>
Subtotal Residential	\$19,660,789,503	74.32%	85,799	80.44%

<sup>(1)</sup> Local Secured Assessed Valuation; excluding tax-exempt property.  
Source: California Municipal Statistics, Inc.

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**Assessed Valuation by Jurisdiction.** The following table below shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2021-22 assessed valuation.

**ASSESSED VALUATION BY JURISDICTION<sup>(1)</sup>**  
**Fiscal Year 2021-22**  
**Butte-Glenn Community College District**

<b><u>Jurisdiction:</u></b>	<b>Assessed Valuation in District</b>	<b>% of District</b>	<b>Assessed Valuation of Jurisdiction</b>	<b>% of Jurisdiction in District</b>
City of Biggs (Butte County)	\$127,759,669	0.46%	\$127,759,669	100.00%
City of Chico (Butte County)	11,118,706,413	39.89	\$11,118,706,413	100.00%
City of Gridley (Butte County)	482,746,185	1.73	\$482,746,185	100.00%
City of Orland (Glenn County)	535,792,301	1.92	\$535,792,301	100.00%
City of Oroville (Butte County)	1,521,709,896	5.46	\$1,521,709,896	100.00%
Town of Paradise (Butte County)	982,005,779	3.52	\$982,005,779	100.00%
City of Willows (Glenn County)	394,310,409	1.41	\$394,310,409	100.00%
Unincorporated Butte County	9,833,504,437	35.28	\$9,891,525,429	99.41%
Unincorporated Glenn County	<u>2,873,853,307</u>	<u>10.31</u>	\$2,941,791,875	97.69%
Total District	\$27,870,388,396	100.00%		
 <b><u>Summary by County:</u></b>				
Butte County	\$24,066,432,379	86.35%	\$24,124,453,371	99.76%
Glenn County	<u>3,803,956,017</u>	<u>13.65</u>	\$3,871,894,585	98.25%
Total District	\$27,870,388,396	100.00%		

<sup>(1)</sup> Before deduction of redevelopment incremental valuation.  
Source: California Municipal Statistics, Inc.

**Tax Levies, Collections and Delinquencies**

The table on the following page shows secured tax levies for District general obligation bond debt, and delinquent amounts as of June 30, within the portion of the District located in the County for fiscal years 2011-12 through 2020-21 and in Glenn County for fiscal years 2016-17 through 2020-21. The *ad valorem* property tax collections within the District are currently subject to the Counties' implementation of the Teeter Plan (as defined herein), and therefore are not currently subject to delinquencies. See “– Alternative Method of Tax Apportionment – Teeter Plan” herein.

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**SECURED TAX CHARGES AND DELINQUENCIES<sup>(1)</sup>**  
**Fiscal Years 2011-12 through 2020-21**  
**Butte-Glenn Community College District**

**Butte County Portion**

	<b>Secured Tax Charge</b>	<b>Amt. Del. June 30</b>	<b>% Del. June 30</b>
2011-12	\$3,302,719.15	\$84,853.57	--
2012-13	3,398,780.94	72,966.14	2.15%
2013-14	4,483,446.78	65,699.60	1.89
2014-15	3,603,104.61	68,452.81	1.90
2015-16	3,788,624.06	64,668.94	1.71
2016-17	3,953,047.41	64,804.48	1.64
2017-18	9,251,911.73	147,504.27	1.59
2018-19	8,302,355.99	\$165,430.37	1.99
2019-20	8,379,563.13	153,660.34	1.83
2020-21	8,888,374.13	144,595.79	1.63

**Glenn County Portion<sup>(2)</sup>**

	<b>Secured Tax Charge</b>	<b>Amt. Del. June 30</b>	<b>% Del. June 30</b>
2016-17	\$569,766.55	\$6,894.32	1.21%
2017-18	1,309,310.10	14,483.87	1.11
2018-19	1,198,911.93	\$13,167.24	1.10
2019-20	1,319,354.55	84,159.94	6.38
2020-21	1,385,874.86	93,444.11	6.74

<sup>(1)</sup> Reflects secured tax charges and delinquencies with respect to the District's general obligation bond debt service.

<sup>(2)</sup> Prior years are not available.

Source: *California Municipal Statistics, Inc.*

**Alternative Method of Tax Apportionment - Teeter Plan**

Under 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 State Revenue and Taxation Code, each participating local agency levying property taxes, including community college districts, receives from the county or counties in which it is located the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the applicable county or counties receive(s) and retain(s) delinquent payments, penalties and interest as collected that would have been due to the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the applicable county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the applicable county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%. The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan is also applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county.

The Board of Supervisors of each of the Counties has approved the implementation of the Teeter Plan. Under the Teeter Plan, each of the Counties apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions for which each such county

acts as the tax-levying or tax-collecting agency. The *ad valorem* property tax to be levied by each of the Counties to pay the principal of and interest on the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the respective Counties.

The District is not aware of any intention on the part of the Counties, or formal actions taken thereby, to abrogate the Teeter Plan, as now in effect in the Counties.

There can be no assurance that either of the Counties will always maintain the Teeter Plan or that they 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 Counties 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 Counties' 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 pandemic or natural or manmade disaster. See "BUTTE-GLENN COMMUNITY COLLEGE DISTRICT – Considerations Regarding COVID-19" herein. However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the Counties to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

## Largest Property Owners

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2021-22 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to 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.

### LARGEST LOCAL SECURED TAXPAYERS Fiscal Year 2021-22 Butte-Glenn Community College District

	<u>2021-22</u>	<u>% of</u>	
<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>Total<sup>(1)</sup></u>
1. Calplant I LLC	Manufacturing	\$208,701,895	0.79%
2. Farmland Reserve Inc.	Agricultural	123,902,868	0.47
3. Violich Farms Inc.	Agricultural	80,164,592	0.30
4. Pacific Realty Associates LP	Agricultural	65,935,153	0.25
5. Merle A. Webb & Sons	Apartments	65,000,926	0.25
6. Johns Manville International Inc.	Industrial	62,701,868	0.24
7. Amcal Chico LLC	Apartments	58,974,654	0.22
8. MP Core Chico LLC	Apartments	55,447,429	0.21
9. Butte County Rice Growers Association	Industrial	50,131,520	0.19
10. California Olive Ranch Inc.	Agricultural	46,668,886	0.18
11. Chico Crossroads LP	Shopping Center	43,564,270	0.16
12. Las Nogaleras LP	Agricultural	43,365,469	0.16
13. Pacific Coast Producers	Industrial	40,917,455	0.15
14. California Water Service Co.	Water Company	40,407,525	0.15
15. Farmers International Inc.	Industrial	39,901,487	0.15
16. Big W Ranch Corp.	Agricultural	37,696,004	0.14
17. Wal Mart Real Estate Business Trust	Commercial	37,107,892	0.14
18. ECP TPBI LLC	Shopping Center	34,629,728	0.13
19. EGP Chico LLC	Assisted Living	33,422,708	0.13
20. Sierra Pacific Industries	Industrial/Timber	32,648,569	0.12
		<u>\$1,201,290,898</u>	<u>4.54%</u>

<sup>(1)</sup> Fiscal year 2021-22 local secured assessed valuation of the District: \$26,455,331,656.  
Source: *California Municipal Statistics, Inc.*

## Tax Rates

Representative tax rate areas (each, a “TRA”) located within the District include TRA 05-001 (in the County) and TRA 01-100 (in Glenn County). The table below demonstrates the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in these TRAs during the five-year period from fiscal years 2017-18 through 2021-22.

### TYPICAL TAX RATES Fiscal Years 2017-18 through 2021-22 Butte-Glenn Community College District

<u>Butte County (TRA 05-001)<sup>(1)</sup></u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Paradise Unified School District	--	--	--	--	.051965
Butte-Glenn Community College District	<u>.046560</u>	<u>.041317</u>	<u>.041129</u>	<u>.041353</u>	<u>.033120</u>
Total All Property	1.046560%	1.041317%	1.041129%	1.041353%	1.085085%
 Paradise Irrigation District (Land Only)	 ==	 ==	 --	 ==	 --
Total Land Only Tax Rate	--	--	--	--	--
 <u>Glenn County (TRA 01-100)</u>	 <u>2017-18</u>	 <u>2018-19</u>	 <u>2019-20</u>	 <u>2020-21</u>	 <u>2021-22</u>
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Butte-Glenn Community College District	.046560	.041317	.041129	.041353	.033120
Orland Joint Unified School District	<u>.084000</u>	<u>.024591</u>	<u>.078850</u>	<u>.065000</u>	<u>.063122</u>
Total All Property	1.130560%	1.065908%	1.119979%	1.106353%	1.096242%

<sup>(1)</sup> 2021-22 assessed valuation of TRA 5-001 is \$855,028,705 which is 3.07% of the District's total assessed valuation.

<sup>(2)</sup> 2021-22 assessed valuation of TRA 1-000 is \$282,540,421 which is 1.01% of the District's total assessed valuation

Source: California Municipal Statistics, Inc.

## Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. effective as of \_\_\_\_\_, 2021. 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.

The following table shows the percentage of each overlapping entity’s assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity’s existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency’s assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown

in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT  
Butte-Glenn Community College District**

**2021-22 Assessed Valuation:** \$27,870,388,396

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b><u>% Applicable</u></b>	<b><u>Debt 4/1/22</u></b>
<b>Butte-Glenn Community College District</b>	<b>100.000%</b>	<b>\$124,753,079<sup>(1)</sup></b>
Chico Unified School District	100.000	200,205,000
Durham Unified School District	100.000	15,300,000
Gridley Unified School District School Facilities Improvement District No. 1	100.000	2,350,000
Hamilton Unified School District	100.000	2,027,700
Orland Joint Unified School District	98.649	13,562,114
Paradise Unified School District	100.000	10,000,000
Princeton Joint Unified School District	68.755	1,859,823
Willows Unified School District	100.000	7,270,000
Oroville Union High School District	100.000	8,997,675
Manzanita School District	100.000	245,000
Oroville School District	100.000	1,176,050
Plaza School District	100.000	165,000
Thermalito Union School District	100.000	5,463,384
Sutter Butte Flood Control District Assessment District	6.409	<u>5,123,675</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$398,498,500</b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>		
Butte County Certificates of Participation	99.759%	\$ 25,989,037
Butte County Pension Obligation Bonds	99.759	33,723,530
Glenn County Certificates of Participation	98.245	2,092,619
Orland Joint Unified School District General Fund Obligations	100.000	7,685,855
Willows Unified School District General Fund Obligations	100.000	2,433,797
City of Orland General Fund Obligations	100.000	1,840,741
City of Oroville Pension Obligation Bonds	100.000	21,375,000
City of Paradise Pension Obligation Bonds	100.000	4,035,449
City of Willows General Fund and Pension Obligation Bonds	100.000	<u>8,948,706</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$108,124,734</b>
<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u></b>		<b>\$75,300,000</b>
<b>COMBINED TOTAL DEBT</b>		<b>\$581,923,234<sup>(2)</sup></b>

**Ratios to 2021-22 Assessed Valuation:**

<b>Direct Debt (\$124,753,079) .....</b>	<b>0.45%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	1.43%
Combined Total Debt.....	2.09%

**Ratios to Redevelopment Incremental Valuation (\$6,309,026,666):**

Total Overlapping Tax Increment Debt.....	1.19%
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<sup>(1)</sup> Excludes the Bonds but includes the Refunded Bonds.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

*The principal of and interest on the Bonds are payable from the proceeds of an ad valorem property tax levied by the Counties on the taxable property in the District for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein. Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 98 and 111, 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 Counties to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such information that these laws impose any limitation on the ability of the Counties to levy taxes for payment of the Bonds.*

### **Article XIII A of the California Constitution**

Article XIII A (“Article XIII A”) of the State Constitution limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the county assessor of each county. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the fiscal year 1975-76 bill under ‘full cash value,’ or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by State voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rates levied by the Counties to pay debt service on the Bonds. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations” herein.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (i) on any indebtedness approved by the voters prior to July 1, 1978, or (ii) as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (iii) 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for the payment of the Series C Bonds falls within the exception described in item (iii) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

## **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 relevant 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.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIII A.

## **Proposition 50 and Proposition 171**

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120 percent of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120 percent of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105 percent of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110 percent of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115 percent of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

### **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 special rules that give property tax savings to 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; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

### **State-Assessed Utility 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. Under the State Constitution, such property is assessed by the State Board of Equalization as part of a “going concern” rather than as individual pieces of real or personal property. Such State-assessed property is allocated to the counties by the 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. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s financing formula for community college districts. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues” herein.

### **Article XIII B of the California Constitution**

Article XIII B of the State Constitution (“Article XIII B”), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college district, 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. As amended, Article XIII B defines

(a) “change in the cost of living” with respect to school districts and community college districts (collectively, “K-14 school districts”) to mean the percentage change in State per capita income from the preceding year, and

(b) “change in population” with respect to a K-14 school districts to mean the percentage change in the average daily attendance of K-14 school districts from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for fiscal year 1986-87 adjusted for the changes made from that fiscal year pursuant to 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, such as the Bonds, (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 State 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.

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 pursuant to Section 8.5 of Article XVI of the State Constitution. See “—Propositions 98 and 111” herein.

### **Article XIII C and Article XIII D of the California Constitution**

On November 5, 1996, State voters approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the State 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 K-14 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 State 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 K-14 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 State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the Counties pursuant to Article XIII A of the State Constitution. 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.

### **Proposition 26**

On November 2, 2010, State voters approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution 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 XIII D. 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.

### **Propositions 98 and 111**

On November 8, 1988, State 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-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 the 1986-87 fiscal year, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State 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.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's budget for the State for each fiscal year.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitations 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 education funding priority and allocation. Proposition 111 took effect on July 1, 1990.

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

- a. 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 State 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 pupil attendance.
- b. 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 is 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 such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such 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.
- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, all appropriations for "qualified capital outlay projects," as defined by the Legislature, are excluded. Also, 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 are all excluded.

These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

- d. 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.
- e. School Funding Guarantee. A complex adjustment to the formula enacted in Proposition 98 was enacted 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) a certain percentage of State general fund revenues (Test 1) 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 (Test 2). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) Test 3, which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts 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 Test 3 is used in any year, the difference between Test 3 and Test 2 will become a “credit” (also known as a “maintenance factor”) to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

### **Proposition 39**

On November 7, 2000, State voters approved an amendment (commonly known as “Proposition 39”) to the State 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. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. 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 this proposition are K-14 school districts, including the District, and county offices of education. As noted above, the State 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 governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing 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, when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

### ***Jarvis vs. Connell***

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

### **Proposition 1A and Proposition 22**

On November 2, 2004, State voters approved Proposition 1A, which amends 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 K-14 school districts, (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. Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends 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, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by State voters on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to K-14 school districts or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for K-14 school districts, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office ("LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending.

The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

### **Proposition 55**

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being 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 board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

### **Proposition 2**

On November 4, 2014, State voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the

10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15 year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as a an emergency within the meaning of Article XIII B of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the Minimum Funding Guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the Minimum Funding Guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the Minimum Funding Guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated Minimum Funding Guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated Minimum Funding Guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

### **Proposition 51**

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is an initiative that was approved by State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

***K-12 School Facilities.*** Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school

districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school (\$500 million) and technical education (\$500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at \$3 million for a new facility and \$1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

***Community College Facilities.*** Proposition 51 includes \$2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District can make no representations regarding whether it will either pursue or qualify for Proposition 51 State facilities funding.

#### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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## FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

*The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of the information under this heading that the principal of and interest on the Bonds is 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 Counties in an amount sufficient for the payment thereof.*

### Major Revenues

**General.** California community college districts (other than “community supported” districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

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

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

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

**Enrollment Based Funding.** California community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 (“SB 361”). SB 361 provided for a basic allocation (a “Basic Allocation”) based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation (“CDCP”) non-credit FTES.

SB 361 specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than \$4,367 per credit FTES; (b) at a uniform rate of \$2,626 per non-credit FTES; and (c) \$3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to cost of living adjustments (each, a “COLA”), if any, funded through the State budgeting legislation in each fiscal year.

One unit of FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

In each fiscal year, the State budget established an enrollment cap on the maximum number of resident FTES, known as the “funded” FTES, for which a community college district would receive a revenue allocation. A district’s enrollment cap was based on the previous fiscal year’s reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered “unfunded” FTES. Nonresident and international students are excluded from the State funding formula and pay full tuition.

***Student Centered Funding Formula.*** Assembly Bill 1809 (“AB 1809”), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, implemented a new funding mechanism for community college districts referred to as the “Student Centered Funding Formula,” (the “SCFF”). The SCFF includes three components: (1) a base allocation (the “Base Allocation”) driven primarily by enrollment, (2) a supplemental allocation (the “Supplemental Allocation”) based on the number of certain types of low-income students, and (3) a student success allocation (the “Student Success Allocation”) that is calculated using various performance-based metrics.

The SCFF includes several hold-harmless provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2021-22, community college districts will receive no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2022-23 and onward, districts will receive no less in apportionment funding per-student than they received in fiscal year 2017-18; and (iii) beginning in fiscal year 2018-19, districts will receive the greater of the amount calculated by the SCFF for the current or prior year (excluding amounts districts receive pursuant to the provision summarized in (i) above.) In addition, State budgetary legislation has extended the hold harmless provision of the SCFF through fiscal year 2023-24.

**Base Allocation.** The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see “—Enrollment Based Funding”), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation was expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19, 65% in fiscal year 2019-20 and 60% in fiscal years 2020-21 and onward.

The SCFF provides minimum funding levels for credit FTES for the first fiscal year at \$3,727 for fiscal year 2018-19. For fiscal year 2019-20 the 2019-20 State Budget recalculated funding rates in the base, supplemental and student success allocations so that 70% of SCFF funds would be allocated to the base allocation. Funding rates are required to be adjusted by COLA. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts that were entitled to higher funding rates under the prior funding formula. Future provision of COLAs and other adjustments will be subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years. Credit FTES associated with enrollment growth proposed in the annual budget act shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average. In computing the three-year average, credit FTES generated by incarcerated and special admit students shall be excluded and funded consistent with the prior funding formula.

Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See “—Enrollment Based Funding” herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

The table below shows a breakdown of the District’s historical resident FTES figures for the last nine fiscal years, and a projection for the current fiscal year.

**FULL TIME EQUIVALENT STUDENTS<sup>(1)</sup>**  
**Fiscal Years 2012-13 through 2021-22**  
**Butte-Glenn Community College District**

<u>Year</u>	<u>Funded FTES</u>	<u>Unfunded FTES</u>	<u>Actual FTES</u>
2012-13	10,877	--	10,877
2013-14	11,096	--	11,096
2014-15	11,143 <sup>(3)</sup>	--	10,925
2015-16	10,865	--	10,865
2016-17	10,865 <sup>(3)</sup>	--	9,950
2017-18	10,383	--	10,383
2018-19			
2019-20			
2020-21			
2021-22 <sup>(2)</sup>			

(1) Reflects resident FTES counts only. Non-resident and international students are excluded from State funding formula calculations and pay full tuition.

(2) Projected.

(3) Reflects the receipt of “stability” funding. Under California Code Regulations Section 58776, during the initial year of a decline in FTES, community college districts are eligible to receive “stability” funding, in an amount equal to the revenue loss associated with a decline in FTES for that year. Stability funding is available for a one year period. If FTES are not restored to the pre-decline level within a period of two years following the initial decline, a community college district that has received stability funding is subject to a permanent reduction of its funded FTES and an attendant decline in operating revenue.

*Source: Butte-Glenn Community College District.*

**Supplemental Allocation.** The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that receive Federal Pell Grants, a student who is granted an exemption from nonresident tuition pursuant to Education Code Section 68130.5 (AB 540), and student fee waivers under Education Code Section 76300 (California College Promise Grant). The SCFF provides \$919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the 2019-20 State budget recalculated funding rates for supplemental allocation so that in 2019-20, 20% of the SCFF funds would be allocated for the supplemental allocation. Beginning in 2020-21 those rates were required to be adjusted by COLA. Headcounts are not unduplicated, such that districts will receive twice or three times as much supplemental funding for a student that falls into more than one of the aforementioned categories.

**Student Success Allocation.** The Student Success Allocation will be distributed to districts based on their performance in various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student’s first year, and having students obtain a regional living wage within a year of completing community college. The Student Success Allocation accounted for 10% of statewide funding for community college districts in fiscal years 2018-19 and 2019-20, and is expected to account for 10% of statewide funding in fiscal years 2020-21 and beyond. Each metric is assigned a point value, with some metrics are weighted more than others. A single student outcome with more points will generate more funding. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional funding. The student success allocation counts only the highest of all awards a student earned in the same year and will only count the award if the student was enrolled in the district in the year the award was granted. The student success allocation will also calculate based on the three-year rolling average of each metric. Outcome metrics for students that qualify for Federal Pell Grants, AB 540 and California College Promise Grants are eligible for additional funding.

## **Budget Procedures**

On or before September 15, the Board of Trustees of a community college district is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor, submits to the Department of Finance (“DOF”) proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals (“BCPs”), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the governor, and by January 10 a proposed State budget is presented by the governor to the legislature. The Governor’s State budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the governor issues a revised budget with changes he or she can support. The law requires the legislature to submit its approved budget by June 15, and by June 30 the governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor’s Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California’s community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district’s financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district’s financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district’s financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district’s financial condition, the Chancellor will pay special attention to each district’s general fund balance, spending pattern, and full-time equivalent student patterns. Those districts with greater financial difficulty will receive follow-up visits from the Chancellor’s Office where financial solutions to the district’s problems will be addressed and implemented.

See “BUTTE-GLENN COMMUNITY COLLEGE DISTRICT – General Fund Budgeting” herein for more information regarding the District’s recent budgeting trends.

## **Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111**

*General.* In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding test (“Test 3”) to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would

be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

***Calculating Minimum Funding Guarantee.*** There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is the 1989-90 fiscal year. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 education aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to school districts and community college districts which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

Test 3 established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance (also referred to as a "maintenance factor") equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

## State Assistance

*State community college districts' principal funding formulas and revenue sources are derived from the State budget. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, none of the District, the Municipal Advisor nor the Underwriter take any responsibility as to the accuracy or completeness thereof and has not independently verified such information.*

**2021-22 State Budget.** On July 16, 2021, the Governor signed a series of bills representing the State budget for fiscal year 2021-22 (the "2021-22 Budget"). The Governor's signing followed negotiations between the Governor and the State Legislature regarding the final provisions of the 2021-22 Budget, including the expenditure of a large projected State general fund surplus. The State Legislature passed temporary budgetary legislation in June of 2021 to meet the required constitutional deadline. The following is drawn from the DOF summary of the 2021-22 Budget.

The 2021-22 Budget indicates that revenues are up significantly from the forecast included in the Governor's proposed State budget for fiscal year 2021-22, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021, continued stock market appreciation, and a significantly upgraded economic forecast from the prior fiscal year. The 2021-22 Budget also reports that the State has received approximately \$285 billion in federal COVID-19 stimulus funding for State programs. Although the 2021-22 Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

For fiscal year 2020-21, the 2021-22 Budget projects total general fund revenues and transfers of \$188.8 billion and authorizes expenditures of \$166.1 billion. The State is projected to end the 2020-21 fiscal year with total reserves of \$39.8 billion, including \$25.1 billion in the traditional general fund reserve, \$12.3 billion in the BSA, \$1.9 billion in the PSSSA and \$450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the 2021-22 Budget projects total general fund revenues and transfers of \$175.3 billion and authorizes expenditures of \$196.4 billion. The State is projected to end the 2021-22 fiscal year with total reserves of \$25.2 billion, including \$4 billion in the traditional general fund reserve, \$15.8 billion in the BSA, \$4.5 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund.

The 2021-22 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at \$93.7 billion. The 2021-22 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21, setting them at \$79.3 billion and \$93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of \$47 billion from the level projected by the 2020-21 State budget. In addition, Test 1 is projected to be in effect over this three year period.

Other significant features relating to community college district funding include the following:

- *General Apportionments:* An increase of \$395 million in ongoing Proposition 98 funding for general apportionments, comprised of (i) \$371.2 million to fund a 5.07% COLA, and (ii) \$23.8 million to fund 0.50% enrollment growth.
- *Deferrals:* \$1.453 billion in Proposition 98 funding to repay apportionment deferrals, of which \$144.6 million is from 2019-20, \$1.1 billion is from 2020-21 and \$229.8 million is from 2021-22.

- *Categorical Programs:* \$64.2 million in ongoing Proposition 98 funding to support budget augmentations for the Student Equity and Achievement Program, Extended Opportunity Programs and Services (EOPS), the Umoja Program, the Mathematics, Engineering and Science Achievement (MESA) Program, and the Puente Project.
- *Student Assistance:* \$250 million in one-time American Recovery Plan Act of 2021 funds to support emergency student financial assistance grants. The 2021-22 Budget also provides \$160 million in Proposition 98 funding for student assistance, comprised of \$100 million in one-time funding available over three years to address student basic needs including food and housing insecurity, \$30 million in ongoing funding to support student mental health services, and \$30 million in ongoing funding for colleges to establish basic needs centers and hire basic needs coordinators.
- *Retention and Enrollment Strategies:* \$120 million in one-time Proposition 98 funding to support efforts to bolster community college student retention rates and enrollment.
- *Guided Pathways:* \$50 million in one-time Proposition 98 funding to further support colleges' efforts to implement Guided Pathways programs, which are highly tailored and streamlined academic programs intended to rapidly and equitably advance students seeking associate degrees and college transfers.
- *Equal Employment Opportunity (EEO) Programs:* \$20 million in one-time Proposition 98 funding to support the implementation of EEO best practices developed by the Chancellor's Equal Employment Opportunity and Diversity Advisory Committee.
- *Textbooks:* \$5 million in one-time Proposition 98 funding to establish a grant program for associate degrees and career technical certificate programs earned entirely by completing courses that eliminate textbook costs. In addition, the 2021-22 Budget includes \$115 million in one-time Proposition 98 funding to develop and implement zero-textbook-cost degrees and open educational resources.
- *Workforce Programs:* \$42.4 million in ongoing Proposition 98 funding to increase program funding and enable community college districts to support work-based learning opportunities. The 2021-22 Budget also provides \$20 million in one-time Proposition 98 funding to support community college participation in High Road Training Partnerships and regional partnerships developed by the California Workforce Development Board.
- *California Apprenticeship Initiative:* \$15 million in additional, ongoing Proposition 98 funding to augment the California Apprenticeship Initiative, which provides grants to fund the creation of apprenticeships in a variety of categories.
- *Technology:* The 2021-22 Budget provides funding for a variety of technology investments, including (i) \$10.6 million in ongoing Proposition 98 funding to support the continuity of education and distance learning across the community college system, including access to online tutoring, online counseling and online student support services, (ii) \$10 million in one-time Proposition 98 funding to plan and develop a Statewide common course numbering system, and (iii) \$8 million in ongoing Proposition 98 funding for cost increases associated with broadband access.
- *Student Housing:* The 2021-22 Budget sets-aside \$2 billion of one-time funding, over a three-year period, to establish a low-cost student housing grant program for the public higher

education segments, focused on expanding the availability of affordable student housing. Additional details are contingent upon future legislation.

- *Facilities:* \$581.4 million in State general obligation bond funding, including \$8.2 million to start nine new capital outlay projects and \$573.2 million for the construction phase of 32 projects anticipated to complete design by the spring of 2022. This allocation represents the next installment of the \$2 billion available to community college districts under Proposition 51. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 51” herein. In addition, the 2021-22 Budget provides \$511 million in one-time Proposition 98 funding to address deferred maintenance.
- *College Faculty:* \$100 million in ongoing Proposition 98 funding to support the hiring of new full-time faculty, and \$100 million Proposition 98 funding, of which \$10 million is ongoing, to support part-time faculty office hours. In addition, the 2021-22 Budget provides \$20 million in one-time Proposition 98 funding for culturally competent professional development for faculty, including leveraging 21st-century technology to improve learning outcomes.
- *Adult Education:* \$21.8 million in ongoing Proposition 98 funding to reflect a 4.05% COLA for the Adult Education Program, and \$1 million ongoing Proposition 98 funding to support technical assistance for the Program.

For additional information regarding the 2021-22 Budget, see the DOF and LAO websites at [www.dof.ca.gov](http://www.dof.ca.gov) and [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by reference.

***Proposed 2022-23 State Budget.*** On January 10, 2022, the Governor released his proposed State budget for fiscal year 2022-23 (the “Proposed 2022-23 Budget”). The following information is drawn from the DOF and LAO overviews of the Proposed 2022-23 Budget.

The Proposed 2022-23 Budget reports that, since the passage of the prior year’s budgetary legislation, the State’s economy has continued to recover from the recession occasioned by the COVID-19 pandemic. Before accounting for certain required transfers (such as those to the BSA), State revenues are higher than the projections included in the 2021-22 Budget by almost \$28.7 billion over a three-year span from 2020-21 through 2022-23. The Proposed 2022-23 Budget attributes this increase to four main factors: (1) a more robust economic recovery, (2) a greater share of wage gains going to high-wage sectors, (3) a stronger-than-forecast stock market, and (4) higher inflation. The Proposed 2022-23 Budget identifies several risk factors that could affect the current economic and revenue forecasts, including the impact of the COVID-19 Omicron variant or other potential future COVID-19 variants, persistent supply chain issues, increased inflation, stock market volatility and the lack of affordable housing.

For fiscal year 2021-22, the Proposed 2022-23 Budget projects total general fund revenues and transfers of \$196.7 billion and authorizes expenditures of \$210 billion. The State is projected to end the 2021-22 fiscal year with total reserves of \$47.4 billion, including \$20.5 billion in the traditional general fund reserve, \$19.3 billion in the BSA, \$6.7 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2022-23, the Proposed 2022-23 Budget projects total general fund revenues and transfers of \$195.7 billion and authorizes expenditures of \$213 billion. The State is projected to end the 2022-23 fiscal year with total reserves of \$34.6 billion, including \$3.1 billion in the traditional general fund reserve, \$20.9 billion in the BSA, \$9.7 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund.

The upward revisions of State general fund revenues results in significant increases to the Proposition 98 minimum funding guarantee. Proposition 98 funding for K-14 school districts for fiscal year 2022-23 is set at \$102 billion, an increase of \$8.2 billion from the level set by the 2021-22 Budget. The Proposed 2022-23 Budget projects that Test 1 will be in effect in fiscal year 2022-23, as it has been in the prior two fiscal years. To accommodate expected enrollment increases related to the expansion of transition kindergarten (as described more fully below), the Proposed 2022-23 Budget would rebench the Test 1 percentage of State revenues allocated to education.

As a result of increased revenues, the Proposed 2022-23 Budget would also make certain retroactive adjustments to the minimum funding guarantee in fiscal years 2020-21 and 2021-22, setting them at \$95.9 billion and \$99.1 billion, respectively. Together with the funding level for fiscal year 2022-23, this represents a three-year increase in the guarantee of \$16.1 billion over the level included in the 2021-22 Budget.

Other significant features relating to community college district funding include the following:

- *General Apportionments:* An increase of \$434.3 million in ongoing Proposition 98 funding for general apportionments, comprised of (i) \$409.4 million to fund a 5.33% COLA, and (ii) \$24.9 million to fund 0.50% enrollment growth. In addition, the Proposed 2022-23 Budget notes that the hold-harmless provision of the Student Centered Funding Formula is set to expire after fiscal year 2024-25. To prevent fiscal declines, the Proposed 2022-23 Budget would create a funding floor for districts that allows them to transition to the core formula over time. Effectively, this would allow funding rates to continue to increase pursuant to statutory COLAs provided by annual budgetary legislation, would remove its application to the hold harmless provision commencing with fiscal year 2025-26 and would permanently extent the hold-harmless provision.
- *College Affordability:* A series of measures intended to expand college affordability across the community college, University of California and California State University systems, including \$100 million in ongoing Proposition 98 funding to support a Student Success Completion Grant program at community college districts.
- *Equity and Student Success:* A series of measures intended to align with a State-wide student success and equity roadmap, including (i) \$105 million in one-time Proposition 98 funding to support the system-wide implementation of a common course numbering system, (ii) \$65 million in one-time Proposition 98 funding to implement certain college transfer reforms, (iii) \$25 million in one-time Proposition 98 funding to assist community college districts with the procurement and implementation of software that allows students to choose their pathway, facilitates streamlined transfers between segments and reduces excess units taken on the path to degree or program completion, (iv) \$10 million in ongoing Proposition 98 funding to implement equal employment opportunity best practices with the goal of diversifying college staff, faculty and administrators, (v) \$10 million in ongoing Proposition 98 funding to augment resources provided to financial aid offices, and (vi) \$10 million in ongoing Proposition 98 funding to expand the availability of certain foster youth support services.
- *Retention and Enrollment Strategies:* \$150 million in additional one-time Proposition 98 funding to support efforts to bolster community college student retention rates and enrollment.
- *Part Time Faculty Health Insurance:* An increase of \$200 million in ongoing Proposition 98 funding to expand healthcare coverage provided to part-time faculty.

- *Healthcare Vocational Education*: An increase of \$130 million in one-time Proposition 98 funding to support healthcare-focused vocational pathways for English language-learners across all levels of proficiency.
- *Technology Modernization and Data Protection*: An increase of \$100 million in Proposition 98 funding, of which \$75 million is one-time and \$25 million is ongoing, to address modernization of community college technology infrastructure, including sensitive data protection efforts.
- *Student Assistance*: An increase of \$20 million in one-time Proposition 98 funding to support emergency student financial assistance grants.
- *Guided Pathways*: \$45 million in one-time Proposition 98 higher education funding, including \$20 million for community college districts, to fund a grant program for pathways and partnerships for STEM, education and health care career preparation.
- *Facilities*: \$373 million in State general obligation bond funding to support 17 projects anticipated to be completely designed by 2023, and the working drawings phase of 1 additional project. This represents the next installment available to community college districts under Proposition 51. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 51” herein. In addition, the Proposed 2022-23 Budget provides an increase of \$387.6 million in one-time Provision 98 funding to support deferred maintenance and energy efficiency projects.

For additional information regarding the Proposed 2022-23 Budget, see the DOF and LAO websites at [www.dof.ca.gov](http://www.dof.ca.gov) and [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by reference.

***Future Actions and Events.*** The District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State’s ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See “BUTTE-GLENN COMMUNITY COLLEGE DISTRICT – Considerations Regarding COVID-19”. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**

*The information in this section concerning the operations of the District and the District’s finances 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 is payable from the general fund of the District. The principal of and interest on the Bonds are payable only from the proceeds of an ad valorem property tax levied by the Counties for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.*

**Introduction**

The District is located in the Counties. Established in 1967, the District provides collegiate level instruction in grades 13 and 14 to residents in the cities of Oroville, Chico, Paradise, Gridley, Orland, Hamilton City, Biggs and Willows. The District currently operates one college, Butte College in Oroville, as well as two learning centers in the cities of Chico and Orland and an additional instructional facility in the city of Chico. Butte College is fully accredited by the ACCJC. For fiscal year 2021-22, the District has projected a FTES count of \_\_\_\_\_, and taxable property in the District has an assessed valuation of \$27,870,388,396.

**Administration**

The District is governed by a seven-member Board, each member of which is elected by the voters of the District within seven trustee areas to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

**BOARD OF TRUSTEES  
Butte-Glenn Community College District**

<u>Board Member</u>	<u>Office</u>	<u>Term Expires</u>
Julie Boss	President	December 2022
Rick Krepelka	Vice President	December 2024
Eugene Massa	Clerk	December 2024
John Blacklock	Member	December 2022
Michael Boeger	Member	December 2022
John Dahlmeier	Member	December 2024
William McGinnis	Member	December 2024

The Superintendent/President of the District is appointed by the Board and reports to the Board. The Superintendent/President is responsible for management of the District’s day-to-day operations and supervises the work of other key administrators.

Brief biographies of the District’s Superintendent/President and Vice President, Administration follow:

**Dr. Samia Yaqub, Superintendent/President.** Dr. Yaqub was appointed by the Board as Superintendent/President of the District on April 13, 2016, after serving in that capacity on an interim basis for nine months. Dr. Yaqub has served the District for over 37 years, including most recently as Vice President for Student Learning and Economic Development for 13 years. Dr. Yaqub’s other positions include serving the District as Dean of Butte College, Dean of Language Arts and Humanities, and Dean of Instruction, Transfer and General Education. Dr. Yaqub received her Doctorate degree in education with an emphasis on community college leadership from Oregon State University, a Master of

Arts degree in English from California State University, Chico and a Bachelor of Arts degree in English from the University of California, Davis.

Dr. Yaqub has announced her intention to retire at the conclusion of the 2021-22 fiscal year. The District is currently conducting a search for her replacement.

***Andrew Suleski, Vice President, Administration.*** Mr. Suleski has been the Vice President, Administration since November 2006. Prior to this appointment, Mr. Suleski served as the District's Director of Business Services for over 12 years. He began his career in higher education at the Yuba Community College District in 1989 as the district accountant and in 1994 became the Interim Director of Fiscal Services. Mr. Suleski has over 33 years of experience in higher education management and accounting. Mr. Suleski received his B.S. degree in Accounting from California State University, Chico.

### **Considerations Regarding COVID-19**

An outbreak of disease or similar public health threat, such as the novel strain of coronavirus ("COVID-19") pandemic, or fear of such an event, could have an adverse impact on the District's financial condition and operating results. The spread of COVID-19 has had significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus.

On March 17, 2020, the Governor signed Senate Bill 89 ("SB 89"), which amended the Budget Act of 2019 by appropriating \$500,000,000 from the State General Fund for any purpose related to executing the emergency proclamation issued by the Governor on March 4, 2020. On March 19, 2020, the Governor ordered all State residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order").

To date there have been thousands of confirmed cases of COVID-19 in the Counties and, although vaccines and vaccine boosters are currently widely available, no representation can be made by the District as to whether the number of such cases will again increase, whether resulting from the emergence of variants of COVID-19, or other factors. The COVID-19 outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District's schools). supply chain disruptions have occurred as these restrictions and closings have been lifted, leading to higher-than-average economic inflation. The U.S. is restricting certain non-U.S. citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriated over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. The CARES Act included approximately \$14.25 billion in funding for higher education, including California community college districts, principally in the form of direct emergency aid to students and institutional grants. The CARES Act also waived a number of federal regulatory requirements to provide institutions greater flexibility in addressing the effects of the COVID-19 outbreak. On December 27, 2020, the President signed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), which included approximately \$900 billion worth of

provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The Consolidated Appropriations Act, 2021 provides approximately \$82 billion of COVID-19 related relief for education, including \$54.3 billion for K-12 schools (largely through Title I funding), \$22.7 billion for higher education and \$4 billion for state governors to spend at their discretion. On March 12, 2021, the President signed the American Rescue Plan Act of 2021 (the “American Rescue Plan”), which will provide approximately \$1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan provides direct payments to individuals, extends unemployment benefits, provides funding to distribute COVID-19 vaccines and provides funding for schools, higher education institutions, state, tribal governments and businesses.

During certain emergency conditions, state regulations provide that a community college district may be provided an “emergency conditions allowance,” calculated to approximate the same general purpose apportionment that such district would have received in absence of the emergency. Emergency conditions are defined to include epidemics, an order from a city or county board of health or the State Board of Health, or another emergency declared by the State or federal government. Districts are required to demonstrate that the occurrence of the emergency condition prevented the district from maintaining its schools during a fiscal year for a period of 175 days, or caused the district’s general purpose apportionment to be materially decreased in that year or in subsequent years. To receive the emergency conditions allowance, a district must demonstrate to the satisfaction of the Chancellor that the district made good faith efforts to avoid material decreases in general purposes apportionments. Community college districts may also seek a waiver of the 175-day requirement. Finally, the Board of Governors of the California Community Colleges (the “Board of Governors”), on March 16, 2020, granted the Chancellor temporary emergency powers to suspend or waive State regulatory requirements and local rules and regulations that present barriers to the continuity of educational services. This temporary grant is in addition to standing emergency powers of the Chancellor to hold community college districts financially harmless in the wake of campus closures.

On August 28, 2020, the Governor released a revised system of guidelines for reopening entitled Blueprint for a Safer Economy (“Blueprint”). Blueprint assigned each of the State’s 58 counties into four color-coded tiers - purple, red, orange and yellow - in descending order of severity, based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties were required to remain in a tier for at least three weeks before advancing to the next one. To move forward, a county had to meet the next tier’s criteria for two consecutive weeks. If a county’s case rate and positivity rate fell into different tiers, the county remained in the stricter tier. Community college districts could reopen for limited in-person instruction once their county had been in the red tier (daily new cases of 4-7 per 100,000 people and 5-8% positive tests) for at least two weeks. When they reopened, community college districts were required to follow the guidance for institutions of higher education (the “Guidelines”), released by the Governor on September 30, 2020. Implementation of the Guidelines as part of a phased reopening will depend on local conditions. If there are positive cases of COVID-19 within a community college district, a campus could be partially or fully closed for in-person instruction. While indoor lectures and student gatherings were prohibited at community college districts in counties that were in the purple (widespread) tier, some non-lecture based courses were permitted on campuses. For classes that are held in person, the guidelines encouraged use of outdoor and other non-classroom spaces for instruction. Indoor lectures were permitted in the red tier (limited to 25% capacity or 100 people, whichever is fewer), the orange tier (limited to 50% capacity or 200 people, whichever is fewer) and the yellow tier (limited to 50% capacity).

On November 19, 2020, the California Department of Public Health issued a limited Stay at Home order, effective November 21, 2020 for those counties under Tier One (Purple) of the Blueprint, requiring that all gatherings with members of other households and all activities conducted outside the

residence, lodging, or temporary accommodation with members of other households cease between 10:00 p.m. PST and 5:00 a.m. PST, except for those activities associated with the operation, maintenance, or usage of critical infrastructure or required by law.

On December 3, 2020, the California Department of Public Health announced a Regional Stay at Home Order (the “Regional Stay at Home Order”), and a supplemental order, signed December 6, 2020, which divided the State into five regions (Northern California, Bay Area, Greater Sacramento, San Joaquin Valley, and Southern California), which went into effect at 11:59 PM the day after a region had been announced to have less than 15% intensive care unit availability. The supplemental order clarified retail operations and went into effect immediately. The orders prohibited private gatherings of any size, closed sector operations except for critical infrastructure and retail, and required 100% masking and physical distancing in all others. Guidance related to community colleges remained in effect and unchanged. The Regional Stay at Home Order went into effect in the Counties on December 16, 2020 and was lifted on January 25, 2021.

On June 11, 2021, the Governor issued two executive orders. The first order rescinded several previous executive orders effective June 15, 2021, including the Stay Home Order and the order that led to the establishment of the Blueprint. The second order began the process of winding down the State’s COVID 19-related executive orders in several phases: by June 30, 2021 (including most of Order N-26-20); by July 31, 2021; and by September 30, 2021. Under the order’s timeline, by September 30, 2021, nearly 90% of the executive actions taken since March 2020 were lifted. In addition, on June 11, 2021, the California Department of Public Health issued an order that took effect on June 15, 2021. The order replaced the previous public health orders, allowing all sectors to return to usual operations, with limited exceptions for events characterized by large crowds (greater than 5,000 attendees indoors and 10,000 attendees outdoors), which required (indoors) or recommended (outdoors) vaccine verification and/or negative testing through October 1, 2021. Face coverings were required in certain settings, such as on public transit, indoors in schools and childcare settings, and in healthcare settings, as well as, for unvaccinated individuals, in all indoor public settings and businesses. Additionally, Californians were required to follow existing guidance for K-12 schools, childcare programs, and other supervised youth activities. On February 16, 2022, the State-wide mask mandate was lifted for vaccinated individuals in most settings, although masks were still required in schools, and individual counties can still require masks to be worn. The allowed the mask mandate for schools to lapse after March 11, 2022.

[DISTRICT REOPENING PLANS AND COVID RELIEF FUNDS TO COME].

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while District facilities remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues (including property tax revenue, sales tax revenue and other revenues), potential declines in property values, increases in property tax delinquencies, and decreases in new home sales and real estate development. The economic consequences and the potential for volatility in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District’s required contribution rates in future fiscal years. See “BUTTE-GLENN COMMUNITY COLLEGE DISTRICT – District Retirement Programs” herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the effectiveness of available vaccines in containing the spread or mutation of the virus, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. 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>), the California Department of Public Health (<http://covid19.ca.gov/>), and the Chancellor’s Office (as defined herein) (<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Communications-and-Marketing/Novel-Coronavirus>). 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.

The ultimate impact of COVID-19 on the District’s operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or FTES within the District or materially adversely impact the financial condition or operations of the District. See also “TAX BASE FOR REPAYMENT OF BONDS –Assessed Valuations” herein.

**Labor Relations**

The District currently employs \_\_\_ full-time certificated professionals, \_\_\_ full-time classified employees, and \_\_\_ managerial employees. In addition, the District employs \_\_\_ part-time faculty and \_\_\_ part-time staff. These employees, except supervisors, management and some part-time employees, are represented by four bargaining units as noted below.

**BARGAINING UNITS  
Butte-Glenn Community College District**

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration Date</u>
Butte College Part-Time Faculty Association/Communication Workers of America		
Butte College Education Association		
Butte College California School Employees Association		
Butte College Police Officer’s Association		

*Source: Butte-Glenn Community College District.*

**Retirement Programs**

*The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

**STRS.** All full-time certificated employees, as well as certain classified employees, are members of the California State Teachers’ Retirement System (“STRS”). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the “STRS Defined Benefit Program”). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up

funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 (“AB 1469”) into law as a part of the State’s fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the “2014 Liability”), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

**MEMBER CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

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*Source: AB 1469.*

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate is 10.250% for employees hired before the Implementation Date and 10.205% for employees hired after the Implementation Date, which remain unchanged the past two fiscal years.

Pursuant to AB 1469, K-14 school districts' contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

**K-14 SCHOOL DISTRICT CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>K-14 school districts</u>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

*Source: AB 1469.*

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and is 16.92% in fiscal year 2021-22.

The District's contributions to STRS were \$ \_\_\_\_\_ for fiscal year 2017-18, \$ \_\_\_\_\_ for fiscal year 2018-19, \$ \_\_\_\_\_ for fiscal year 2019-20 and \$ \_\_\_\_\_ for fiscal year 2020-21. The District currently projects \$ \_\_\_\_\_ for its contribution to STRS for fiscal year 2021-22.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2021-22. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain

limitations, to increase or decrease the State’s contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. The STRS Board approved State supplemental contribution rate for fiscal year 2021-22 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the “SBPA”), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

**PERS.** Classified employees working four or more hours per day are members of the California Public Employees’ Retirement System (“PERS”). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund (“PERF”). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2021 included 1,608 public agencies and 1,329 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for “classified employees,” which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the “Schools Pool”).

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated \$904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 (“AB 84”). Under AB 84, \$144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State’s required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, \$430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and \$330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2021-22, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2021-22. See “—California Public Employees’ Pension Reform Act of 2013” herein.

The District’s contributions to PERS were \$\_\_\_\_\_ for fiscal year 2017-18, \$\_\_\_\_\_ for fiscal year 2018-19. \$\_\_\_\_\_ for fiscal year 2019-20 and \$\_\_\_\_\_ for fiscal year 2020-21. The District currently projects \$\_\_\_\_\_ for its contribution to PERS for fiscal year 2021-22.

**State Pension Trusts.** Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: [www.calstrs.com](http://www.calstrs.com);

(ii) PERS: [www.calpers.ca.gov](http://www.calpers.ca.gov). However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

**FUNDED STATUS**  
**STRS (Defined Benefit Program) and PERS (Schools Pool)**  
**(Dollar Amounts in Millions) <sup>(1)</sup>**  
**Fiscal Years 2010-11 through 2019-20**

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)<sup>(2)</sup></u>	<u>Unfunded Liability (MVA)<sup>(2)</sup></u>	<u>Value of Trust Assets (AVA)<sup>(3)</sup></u>	<u>Unfunded Liability (AVA)<sup>(3)</sup></u>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)</u>	<u>Unfunded Liability (MVA)</u>	<u>Value of Trust Assets (AVA)<sup>(3)</sup></u>	<u>Unfunded Liability (AVA)<sup>(3)</sup></u>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2014-15	73,325	56,814	16,511	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2015-16	77,544	55,785	21,759	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2016-17	84,416	60,865	23,551	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2017-18	92,071	64,846	27,225	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2018-19 <sup>(5)</sup>	99,528	68,177	31,351	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2019-20 <sup>(6)</sup>	104,062	71,400	32,662	-- <sup>(4)</sup>	-- <sup>(4)</sup>

<sup>(1)</sup> Amounts may not add due to rounding.

<sup>(2)</sup> Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

<sup>(3)</sup> Reflects actuarial value of assets.

<sup>(4)</sup> Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

<sup>(5)</sup> For fiscal year 2020-21, the additional \$430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.

<sup>(6)</sup> For fiscal year 2021-22, the impact of the additional \$330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience

Analysis (spanning from July 1, 2010, through June 30, 2015) (the “2017 Experience Analysis”), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member’s increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the “2016 STRS Actuarial Valuation”). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the “2020 Experience Analysis”), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the “2019 STRS Actuarial Valuation”). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both employees hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2020 (the “2020 STRS Actuarial Valuation”) reports that the unfunded actuarial obligation increased by \$172 million since the 2019 STRS Actuarial Valuation and the funded ratio increased by 1.1% to 67.1% over such time period. The increase in the funded ratio is primarily due to salary increases less than assumed, additional State contributions, and contributions to pay down the unfunded actuarial obligation under the STRS Board’s valuation policy.

According to the 2020 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.6%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In the STRS 2020 Review of Funding Levels and Risks, STRS noted that COVID-19 has the potential to affect investment performance, the number of teachers working in California and the longevity of STRS members, which are the three main risks to long-term funding that STRS has been monitoring for the last few years. See also “—Considerations Regarding COVID-19” herein. In the 2020 STRS Actuarial Report, the actuary reports that a potential decline in the number of teachers and a slower growth in total payroll constitute the largest risk facing employers with respect to STRS. For the 2020 STRS Actuarial Valuation, the number of teachers actively working dropped from 451,000 on June 30, 2019, to about 448,000 on June 30, 2020. This drop in the number of working teachers, combined with salary increases, resulted in the payroll increasing by approximately 2.8% between 2019 and 2020, below the assumed 3.5% annual payroll growth. The actuary notes that the assumed growth in the total payroll was a key component of the employer contribution rate calculated in the 2020 STRS Actuarial Valuation,

and that a slower growth will require a higher employer contribution rate to be able to collect the same amount of contributions. The actuary notes that the number of active teachers could be impacted in the future by K-12 enrollment, as well as teacher retirements. Based on CDE reports, net enrollment in K-12 school districts decreased by 3% (160,000 students) in 2020-21, the largest drop in 20 years, and the Department of Finance projects enrollment will continue to decline in the State over the next decade. In addition, in the first half of the fiscal year, STRS has seen a 26% increase in the number of retirements, and while an increase in retirements would normally not impact long-term funding, decisions made by employers about whether or not to replace the teachers who have retired could impact STRS ability to reach full funding by 2046, especially if it leads to an overall reduction in the number of teachers working in the State and a reduction in total payroll.

In recent years, the PERS Board of Administration (the “PERS Board”) has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17,

2021 (the “2021 Experience Study”), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iii) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and will first impact contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations. However, as of November 2021, PERS did not believe that the demographic impacts of COVID-19 would have a material impact on the system experience going forward.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The Schools Pool Actuarial Valuation as of June 30, 2020 (the “2020 PERS Actuarial Valuation”), reported that from June 30, 2019 to June 30, 2020 the funded ratio of the Schools Pool increased by 0.1% (from 68.5% to 68.6%), which was primarily due to the additional State contribution in July 2019 offset partially by the lower than expected investment return in fiscal year 2019-20. In addition, the 2020 PERS Actuarial Valuation reported that (i) the return on assets for fiscal year ending June 30, 2020, was approximately 4.7% reduced for administrative expenses, which was lower than the assumed return of 7.0%, leading to an investment experience loss, (ii) the overall demographic experience produced a nominal liability experience gain, and (iii) the normal cost declined slightly as the share of the active population of employees hired after the Implementation Date (defined below) continued to increase. On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund’s investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation takes effect July 1, 2022 and will impact contribution rates for employers and employees hired after the Implementation Date beginning in fiscal year 2022-23. In January 2022, an addendum to the 2020 PERS Actuarial Valuation (the “2020 PERS Actuarial Valuation Addendum”) was produced to provide additional information on projected future contribution rates that take into account information that was not available when the 2020 PERS Actuarial Valuation was initially released. The 2020 PERS Actuarial Valuation Addendum reports that the contribution rate for fiscal year 2022-23 is projected to be 25.4%, the contribution rate for fiscal year 2023-24 is projected to be 25.2%, the contribution rate for fiscal year 2024-25 is projected to be 24.6%, the contribution rate for fiscal year 2025-26 is projected to be 23.6%, and the contribution rate for fiscal year 2026-27 is projected to be 22.5%. The projected contribution rates in the 2020 PERS Actuarial Valuation Addendum reflect the actual investment performance through June 30, 2021, the anticipated decrease in normal cost due to new hires entering lower cost benefit tiers, as well as the demographic and economic assumptions adopted

through the 2021 Experience Study, including an investment return of 6.8% per year beginning with fiscal year 2021-22. The projections assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits or funding will occur during the projection period.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

***California Public Employees' Pension Reform Act of 2013.*** On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

***GASB Statement Nos. 67 and 68.*** On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension

plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2021, the District's reported proportionate shares of the STRS and PERS net pension liabilities were \$47,037,787 and \$52,797,104, respectively. See also "APPENDIX B – 2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 8" attached hereto.

### **Post-Employment Health Care Benefits**

**Plan Description.** The Butte-Glenn Community College District Health Plan (the "Plan") is a single-employer plan administered by the District. The Plan provides medical insurance benefits (the "Benefits") to eligible retirees of the District, their spouses, and their dependents. Faculty, classified, and management employees who are at least 55 years old receive Benefits to age 65 after 10 years of service at the District if they were hired before July 1, 2018 and after 15 years of service at the District if they were hired on or after July 1, 2018. The District covers 100% of the cost of the Benefits. Additionally, classified employees hired before July 1, 1987 and management and academic employees hired before July 1, 1988 receive lifetime Benefits. As of June 30, 2021 the District had 204 retirees and beneficiaries currently receiving benefits and 526 active Plan members eligible for, but not yet receiving the Benefits.

**Funding Policy.** The District's required Plan contribution is based on a projected pay-as-you-go financing basis, to cover the cost of Benefits for current retirees, with an additional amounts from time-to-time to prefund the District's accrued liability with respect to the Benefits, as discussed below. The District contributed \$2,777,202 to the Plan in fiscal year 2017-18, \$ \_\_\_\_\_ in fiscal year 2018-19, \$ \_\_\_\_\_ in fiscal year 2019-20 and \$ \_\_\_\_\_ in fiscal year 2020-21. The District projects a contribution of \$ \_\_\_\_\_ to the Plan in fiscal year 2021-22, which covers the value of Benefits earned for one year of service. Contribution requirements of Plan members and the District are set and amended by the District and its bargaining units on an annual basis.

The District has established an internal service fund to begin funding its accrued liability (discussed below) with respect to the Benefits. As of June 30, 2021, the District had \$ \_\_\_\_\_ on deposit in the internal service fund. However, the internal service fund has not been irrevocably pledged to the payment of Benefits, and may be accessed upon Board approval for other purposes.

The District also participates in the California Employer's Retiree Benefit Trust (the "CERBT"), operated by PERS. The CERBT is a GASB-qualifying irrevocable trust, into which the District has deposited amounts to prefund its accrued liability for the Benefits. As of \_\_\_\_\_, 2022, the District's CERBT balance was \$ \_\_\_\_\_.

**GASB Statement Nos. 74 and 75.** On June 2, 2015, GASB approved Statements Nos. 74 and 75 (each, "GASB 74" and "GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income

statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the Net OPEB Liability and a sensitivity analysis of the Net OPEB Liability to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. See also "APPENDIX B – 2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 7" herein.

**Actuarial Report.** The District's most recent actuarial study, dated as of June 30, 2019, calculated the District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2020 measurement date, the District's Total OPEB Liability was \$27,955,767, its Fiduciary Net Position was \$31,286,497 and its Net OPEB Liability was \$(3,330,730).

## **Risk Management**

The District is exposed to various risks of loss related to property, general liability, and employee benefits. These risks are addressed through a combination of commercial insurance and participation in certain public entity risk pools, as described below.

The District retains risk for liability and property damage on the first \$1,000 of each claim. The District retains no risk for liability or workers' compensation claims, and coverage is provided as discussed below. Certain property damage coverage in excess of \$1,000 and up to \$250,000,000 and certain liability coverage in excess of \$1,000 and up to \$25,000,000 is provided by joint powers authorities (each, a "JPA") as discussed below.

The District is a member of the Northern California Community Colleges Self Insurance Authority (NCCCSIA) JPA for the purpose of establishing, operating and maintaining programs for risk pooling, insurance, and risk management for liability, property and workers' compensation. NCCCSIA self-insures for the liability and property risks through participation in the Statewide Association of Community Colleges (SWACC) JPA and Schools Association for Excess Risk (SAFER), and for workers compensation risk through the Protected Insurance Program for Schools and Community Colleges (PIPS) JPA.

The District also participates in a health insurance benefits program organized by the Butte Schools Self-Funded Program (BSSP), a joint powers authority created to provide self-insurance programs for school districts and community college districts.

Each of the JPA's discussed above is independently accountable for its fiscal matters, and as such, is not a component unit of the District for financial reporting purposes. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the programs. There has been no significant reduction in any of the insurance coverages from the prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

## **Accounting Practices**

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Education Code Section 84030, is to be followed by all State community college districts. GASB released Statement No. 34 made changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective on May 15, 2002 for the District, as well as for any other governmental agency with annual revenues of between \$10 million and \$100 million. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

## **General Fund Budgeting**

The table on the following page shows the District's combined restricted and unrestricted general fund budgets for fiscal years 2018-19 through 2021-22, ending results for fiscal years 2018-19 through 2020-21, and projected results for fiscal year 2021-22.

**GENERAL FUND BUDGETING**  
**Fiscal Years 2018-19 through 2021-22**  
**Butte-Glenn Community College District**

	Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22	
	<u>Budgeted</u> <sup>(1)</sup>	<u>Ending</u> <sup>(1)</sup>	<u>Budgeted</u> <sup>(1)</sup>	<u>Ending</u> <sup>(1)</sup>	<u>Budgeted</u> <sup>(1)</sup>	<u>Ending</u> <sup>(1)</sup>	<u>Budgeted</u> <sup>(1)</sup>	<u>Ending</u> <sup>(2)</sup>
<b>REVENUES:</b>								
Federal	\$2,040,775	\$1,992,433	\$2,154,726	\$2,908,978	\$8,167,591	\$8,321,664	\$28,075,856	
State	110,163,435	126,588,780	131,658,538	133,383,651	118,081,524	147,042,589	141,091,560	
Local	27,404,218	26,601,586	27,323,751	25,947,647	25,818,650	26,202,483	<u>27,471,592</u>	
<b>TOTAL REVENUES</b>	139,608,428	155,182,799	161,137,015	162,240,276	152,067,765	181,566,736	196,639,008	
<b>EXPENDITURES:</b>								
Academic Salaries	30,852,609	31,551,732	32,235,263	33,395,494	32,415,143	33,031,789	33,875,947	
Classified Salaries	25,065,865	26,124,247	26,490,684	27,409,430	26,972,868	26,183,357	29,404,279	
Employee Benefits	28,028,119	24,358,560	30,006,349	26,446,951	30,473,632	26,594,852	33,009,660	
Supplies and Materials	2,100,432	2,309,578	2,350,737	1,892,512	3,488,523	2,111,819	3,954,404	
Other Operating Expenses and Services	53,061,821	59,000,626	68,580,540	61,163,031	53,957,568	75,103,663	80,567,600	
Capital Outlay	2,022,536	4,217,668	1,158,917	2,684,046	1,148,119	4,455,018	<u>1,764,086</u>	
<b>TOTAL EXPENDITURES</b>	141,131,382	147,562,411	160,822,490	152,991,464	148,455,853	167,480,498	182,575,976	
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(1,522,954)	7,620,388	314,525	9,248,812	3,611,912	14,086,238	14,063,032	
<b>OTHER FINANCING SOURCES (USES)</b>	2,200,000	1,312,587	2,584,000	2,935,578	3,928,991	2,508,238	2,890,662	
<b>OTHER OUTGO</b>	2,842,543	8,149,890	4,396,480	(9,339,013)	(9,342,489)	(9,523,021)	(14,392,953)	
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	(2,165,497)	783,085	(1,497,955)	2,845,377	(1,801,586)	7,071,455	2,560,741	
<b>BEGINNING FUND BALANCE:</b>								
Net Beginning Balance, July 1	23,247,177	23,247,177	24,030,260	24,030,260	26,875,637	26,875,637	33,947,097	
Prior Years Adjustments	--	(2)	--	--	--	5	--	
<b>ENDING FUND BALANCE</b>	<u>\$21,081,680</u>	<u>\$24,030,260</u>	<u>\$22,532,305</u>	<u>\$26,875,637</u>	<u>\$25,074,051</u>	<u>\$33,947,097</u>	<u>\$33,947,097</u>	

<sup>(1)</sup> From the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office. For audited results summaries of expenses, revenues and changes in net assets for the District's primary government funds for fiscal years 2016-17 through 2020-21, see "BUTTE-GLENN COMMUNITY COLLEGE DISTRICT – Comparative Financial Statements" herein.

<sup>(2)</sup> As of \_\_\_\_\_, 2022.

Source: Butte-Glenn Community College District.

## Comparative Financial Statements

The table below reflects the District's audited revenues, expenditures and fund balances for its governmental funds, from fiscal years 2016-17 through 2020-21. See also "APPENDIX B – 2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

### AUDITED SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE<sup>(1)</sup> Fiscal Years 2016-17 through 2020-21 Butte-Glenn Community College District

	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21
<b>OPERATING REVENUES</b>					
Tuition and fees	\$14,885,972	\$14,374,569	\$14,213,159	\$12,359,034	\$11,543,033
Less: scholarship discount and allowance	(6,994,096)	(6,656,472)	(6,874,667)	(6,052,603)	(5,435,311)
<b>Net tuition and fees</b>	7,861,876	7,718,097	7,338,492	6,306,431	6,107,722
Grants and contracts-non-capital:					
Federal	1,889,839	1,878,243	2,037,907	4,114,829	15,241,625
State	76,909,230	78,058,085	84,754,494	82,861,626	109,343,426
Local	2,453,651	736,234	1,681,244	1,782,127	1,980,428
Auxiliary enterprise sales and charges	4,156,589	3,920,830	3,534,304	1,704,549	343,789
<b>Total Operating Revenues</b>	93,271,185	92,311,489	99,346,441	96,769,562	133,016,990
<b>OPERATING EXPENSES</b>					
Salaries	51,834,740	54,738,030	59,009,734	61,920,393	60,089,951
Employee benefits	27,099,093	28,593,993	31,774,650	36,291,176	36,153,310
Supplies, materials, and other operating expenses and services	75,238,439	72,564,110	65,919,048	65,681,570	78,215,933
Student aid	27,417,420	26,418,248	26,338,615	28,507,833	27,396,809
Depreciation	5,652,230	5,742,554	6,042,851	5,977,764	6,194,223
<b>Total Operating Expenses</b>	187,241,922	188,056,935	189,084,898	198,378,736	208,050,226
<b>Operating Income (Loss)</b>	(93,970,737)	(95,975,446)	(89,738,457)	(101,609,174)	(75,033,236)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
State apportionments - non-capital	41,365,305	40,372,031	35,924,990	44,510,650	32,619,652
Local property taxes	15,543,821	22,742,999	22,875,080	18,890,666	19,434,889
State taxes and other revenues	10,538,173	13,013,781	14,841,319	14,938,306	13,063,437
Investment income	666,308	1,620,219	2,432,393	2,647,754	1,362,364
Interest expense	(3,559,464)	(6,198,719)	(10,865,959)	(10,940,452)	(24,575,138)
Financial aid revenues – federal	24,535,868	22,716,253	21,600,011	21,381,698	15,588,688
Financial aid revenues – state	--	--	--	--	--
Financial aid expenses/disbursements to students	--	--	--	--	--
Gain (Loss) on disposal of asset	--	(137,276)	(4,047)	145,690	(8,029)
Other non-operating revenues	2,585,003	2,133,275	4,688,913	2,810,775	2,708,188
<b>Total Non-Operating Revenues (Expenses)</b>	91,675,014	96,262,563	91,492,700	94,385,087	60,193,951
<b>Income (Loss) Before Other Revenues (Expenses)</b>	(2,295,723)	517,117	1,754,243	(7,244,087)	(14,839,285)
Local property taxes - capital	5,674,235	5,986,855	6,123,025	6,910,391	16,458,699
Investment income - capital	64,229	68,771	--	--	--
State apportionments – capital	--	--	50,307	68,361	63,684
<b>Total Other Revenues (Expenses)</b>	5,738,464	6,054,743	6,173,332	6,978,752	16,522,383
<b>Change in Net Position</b>	3,442,741	6,572,743	7,927,575	(245,335)	1,683,098
<b>Net Position – Beginning of Year – as Previously Reported</b>	113,769,545	117,212,286	107,107,683	115,035,258	114,789,923
Adjustment for restatement	=	(16,677,346) <sup>(2)</sup>	=	--	548,337 <sup>(3)</sup>
<b>Net Position – End of Year</b>	<u>\$117,212,286</u>	<u>\$107,107,683</u>	<u>\$115,035,258</u>	<u>\$114,789,923</u>	<u>\$117,021,358</u>

<sup>(1)</sup> From the District's Audited Financial Statements for fiscal years 2013-14 through 2017-18

<sup>(2)</sup> Restatement to net position reflects the implementation of GASB Statement 75. See also "— Post-Employment Health Care Benefits – GASB Statements Nos. 74 and 75" herein.

<sup>(3)</sup> Restatement reflects the implementation of GASB Statement 84, relating to fiduciary activities.

Source: Butte-Glenn Community College District.

## District Debt Structure

**Short-Term Debt.** The District currently has no outstanding short-term debt.

**Long-Term Debt.** The District’s general long-term debt, as of June 30, 2021, consisted of the following:

**SUMMARY OF LONG-TERM DEBT  
As of June 30, 2021  
Butte-Glenn Community College District**

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>
Long-Term Obligations				
General obligation bonds	\$138,416,520	\$296,279	\$4,820,000	\$133,892,799
Premium on bonds	13,422,367	--	1,106,147	12,316,220
Capital lease obligations	5,799,763	--	336,388	5,463,375
California Energy Conservation Loan	223,251	--	54,980	168,271
Compensated absences	<u>4,141,814</u>	<u>459,904</u>	<u>--</u>	<u>4,601,718</u>
Totals	<u>\$162,003,715</u>	<u>\$756,183</u>	<u>\$6,317,515</u>	<u>\$156,442,383</u>

Source: Butte-Glenn Community College District.

**General Obligation Bonds.** The District received authorization at an election held on March 5, 2002, by at least 55% of the votes cast by eligible voters within the District, to issue \$84,900,000 maximum principal amount of general obligation bonds (the “2002 Authorization”). On June 6, 2002, the District caused the issuance of the first series of bonds under the 2002 Authorization (the “2002 Series A Bonds”), in an aggregate principal amount of \$29,999,445.15. On July 18, 2005, the District caused the issuance of the second series of bonds under the 2002 Authorization (the “2002 Series B Bonds”), in an aggregate principal amount of \$36,998,634. On May 7, 2009, the District caused the issuance of the third and final series of bonds under the 2002 Authorization (the “2002 Series C Bonds”), in an aggregate principal amount of \$17,900,000. Currently, \$1,920.85 of the 2002 Authorization remains unissued.

On February 1, 2012, the District issued its the 2012 Refunding Bonds in an aggregate initial principal amount of \$21,755,000, the net proceeds of which were used to advance refund a portion of the then-outstanding 2002 Series A Bonds. On February 5, 2015, the District issued the 2015 Refunding Bonds, in an aggregate principal amount of \$25,540,000 to refund a portion of the then-outstanding 2002 Series B Bonds. On December 20, 2017, the District issued its 2017 General Obligation Refunding Bonds (the “2017 Refunding Bonds”) in an aggregate initial principal amount of \$15,800,000, the net proceeds of which were used to advance refund the then-outstanding 2002 Series C Bonds.

The District received authorization at an election held on November 8, 2016, by at least 55% of the votes cast by eligible voters within the District, to issue \$190,000,000 maximum principal amount of general obligation bonds (the “2016 Authorization”). On April 6, 2017, the District caused the issuance of the first series of bonds under the 2016 Authorization (the “2016 Series A Bonds”), in an aggregate principal amount of \$42,000,000. On July 11, 2019, the District caused the issuance of the second series of bonds under the 2016 Authorization (the “2016 Series B Bonds”), in the aggregate principal amount of \$49,500,000. The Bonds are the third series issued under the 2016 Authorization.

The following table displays the annual debt service requirements of the District for all outstanding general obligation bonds of the District, including the Bonds (and assuming no further optional redemption):

**GENERAL OBLIGATION BOND DEBT SERVICE\*<sup>(1)</sup>  
Butte-Glenn Community College District**

<u>Year Ending August 1</u>	<u>2002 Series A Bonds</u>	<u>2002 Series B Bonds</u>	<u>2012 Refunding Bonds</u>	<u>2015 Refunding Bonds</u>	<u>2016 Series A Bonds</u>	<u>2017 Refunding Bonds</u>	<u>2016 Series B Bonds</u>	<u>The Bonds</u>	<u>Total Annual Debt Service</u>
2022	--	--			\$1,578,225.00	\$779,050.00	\$4,078,218.76		
2023	--	--			1,578,225.00	779,050.00	1,804,218.76		
2024	--	--			1,738,225.00	779,050.00	1,592,218.76		
2025	--	--			1,800,225.00	779,050.00	1,753,218.76		
2026	--	--			1,863,725.00	779,050.00	1,812,618.76		
2027	\$3,095,000.00 <sup>(2)</sup>	--			1,928,475.00	779,050.00	1,879,218.76		
2028	--	--			1,994,225.00	4,359,050.00	1,942,618.76		
2029	--	\$4,475,000.00			2,065,725.00	4,370,050.00	2,007,818.76		
2030	--	--			2,137,475.00	8,861,550.00	2,079,618.76		
2031	--	--			2,212,525.00	--	2,152,618.76		
2032	--	--			2,282,125.00	--	2,231,618.76		
2033	--	--			2,362,725.00	--	2,311,218.76		
2034	--	--			2,448,725.00	--	2,386,218.76		
2035	--	--			2,534,725.00	--	2,471,618.76		
2036	--	--			2,620,525.00	--	2,561,818.76		
2037	--	--			2,722,275.00	--	2,641,418.76		
2038	--	--			2,805,525.00	--	2,740,618.76		
2039	--	--			2,905,775.00	--	2,833,418.76		
2040	--	--			3,011,775.00	--	2,929,818.76		
2041	--	--			3,112,775.00	--	3,034,518.76		
2042	--	--			3,227,087.50	--	3,139,268.76		
2043	--	--			3,338,900.00	--	3,248,918.76		
2044	--	--			3,452,675.00	--	3,363,168.76		
2045	--	--			3,573,062.50	--	3,481,718.76		
2046	--	--			3,689,012.50	--	4,242,137.50		
2047	--	--			--	--	5,118,187.50		
2048	--	--			--	--	5,299,943.76		
Total	<u>\$3,095,000.00</u>	<u>\$4,475,000.00</u>			<u>\$62,984,737.50</u>	<u>\$22,264,950.00</u>	<u>\$75,138,019.00</u>		

\* Preliminary, subject to change.

(1) Does not include debt service on the Refunded Bonds.

(2) Due February 1, 2027.

Source: Butte-Glenn Community College District.

**Energy Conservation Assistance Loan Agreement.** In 2011, the District entered into an Energy Conservation Loan Agreement (“Energy Loan”) with the California Energy Commission in the amount of \$766,231 to fund energy-retrofitting projects throughout the District. The District expects to pay the debt service on the loan with savings in energy costs resulting from the energy-retrofitting projects. The annual debt service requirements on the Energy Loan are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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*Source: Butte-Glenn Community College District.*

**Capital Leases.** The District has entered into various capital lease arrangements. The future annual debt service requirements on the leases are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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*Source: Butte-Glenn Community College District.*

## TAX MATTERS

### Tax-Exempt Bonds

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity over the issue price of a Tax-Exempt Bond (the first price at which a substantial amount of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Tax-Exempt Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Tax-Exempt Bond Owner will increase the Tax-Exempt Bond Owner’s basis in the applicable Tax-Exempt Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Tax-Exempt Bond is excluded from the gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Tax-Exempt Bonds is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Tax-Exempt Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must

be satisfied subsequent to the issuance of the Tax-Exempt Bonds to assure that interest (and original issue discount) on the Tax-Exempt Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Tax-Exempt Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Tax-Exempt Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Tax-Exempt Bond premium, which must be amortized under Section 171 of the Code; such amortizable Tax-Exempt Bond premium reduces the Tax-Exempt Bond Owner's basis in the applicable Tax-Exempt Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Tax-Exempt Bond premium may result in a Tax-Exempt Bond Owner realizing a taxable gain when a Tax-Exempt Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Tax-Exempt Bond to the Owner. Purchasers of the Tax-Exempt Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Tax-Exempt Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Tax-Exempt Bonds will be selected for audit by the IRS. It is also possible that the market value of the Tax-Exempt Bonds might be affected as a result of such an audit of the Tax-Exempt Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Tax-Exempt Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Tax-Exempt Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolutions and the Tax Certificate relating to the Tax-Exempt Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Tax-Exempt Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes provided that the District continue to comply with certain requirements of the Code, the ownership of the Tax-Exempt Bonds and the accrual or receipt of interest (and original issue discount) on the Tax-Exempt Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Tax-Exempt Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Tax-Exempt Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Tax-Exempt Bonds is attached hereto as APPENDIX A.

### **Federally Taxable Bonds**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Federally Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State personal income tax.

Except for certain exceptions, the difference between the issue price of a Federally Taxable Bond (the first price at which a substantial amount of the Federally Taxable Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Federally Taxable Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Federally Taxable Bond will increase the Owner's basis in the Federally Taxable Bond. Owners of Federally Taxable Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Federally Taxable Bonds.

The amount by which a Federally Taxable Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Federally Taxable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Federally Taxable Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Federally Taxable Bond Owner's basis in the applicable Federally Taxable Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the Owner of a Federally Taxable Bond realizing a taxable gain when a Federally Taxable Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Federally Taxable Bond to the Owner. The Owners of the Federally Taxable Bonds that have a basis in the Federally Taxable Bonds that is greater than the principal amount of the Federally Taxable Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

In the event of a legal defeasance of a Federally Taxable Bond, such bond might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Federally Taxable Bond Owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the Federally Taxable Bond Owner's adjusted tax basis in such bond.

The federal tax and State personal income tax discussion set forth above with respect to the Federally Taxable Bonds is included for general information only and may not be applicable depending upon an Owner's particular situation. The ownership and disposal of the Federally Taxable Bonds and the

accrual or receipt of interest with respect to the Federally Taxable Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

A copy of the proposed form of opinion of Bond Counsel for the Federally Taxable is attached hereto as APPENDIX A.

## **LIMITATION ON REMEDIES; BANKRUPTCY**

### **General**

State law contains certain safeguards to protect the financial solvency of community college districts. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA” herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”) on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

### **Statutory Lien**

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Security and Sources of Payment” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special

revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

### **Special Revenues**

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

### **Possession of Tax Revenues; Remedies**

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the Treasury Pool, as described in “THE BONDS – Application and Investment of Bond Proceeds” herein and “APPENDIX E – BUTTE COUNTY INVESTMENT POOL” attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

### **Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor’s Rights**

The proposed forms of the approving opinions of Bond Counsel attached hereto as Appendix A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## **LEGAL MATTERS**

### **Continuing Disclosure**

***Current Undertaking.*** In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners of the Bonds (including the Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than nine months following the end of the District’s fiscal year (the District’s fiscal year ends on June 30), commencing with the report for the 2021-22 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Report and the notices of listed events will be filed in accordance with the requirements of the Rule. The specific nature of the information to be made available and to be

contained in the notices of material events is described in the form of Continuing Disclosure Certificate attached hereto as APPENDIX C. These covenants have been made in order to assist the Underwriter in complying with the Rule.

*Previous Undertakings.* [TO COME].

### **Escrow Verification**

Upon delivery of the Refunding Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of and interest on the Refunded Bonds.

### **Legality for Investment in California**

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in the State 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 Government Code, are eligible for security for deposits of public moneys in the State.

### **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 questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes to collect other revenues or contesting the District's ability to issue and retire the Bonds.

### **Information Reporting Requirements**

Under Section 6049 of the Code, as amended by the Tax Increase Prevention and Reconciliation Act of 2005 (the "TIPRA"), interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

### **Legal Opinions**

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. Copies of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

## Financial Statements

Excerpts from the District's audited financial statements with required supplemental information for the year ended June 30, 2021, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated February 8, 2022, of CWDL, Certified Public Accountants (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of excerpts from the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

## RATING

Moody's has assigned the Bonds a rating of "\_\_\_." The rating reflects only the views of Moody's and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any ratings changes on the Bonds. See "- Continuing Disclosure" herein and "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

## UNDERWRITING

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Series C Bonds at a price of \$\_\_\_\_\_ (reflecting the initial principal amount of the Bonds of \$\_\_\_\_\_, plus net original issue premium of \$\_\_\_\_\_, and less the Underwriter's discount of \$\_\_\_\_\_). The Underwriter has agreed to purchase the Series A Refunding Bonds at a price of \$\_\_\_\_\_ (reflecting the initial principal amount of the Bonds of \$\_\_\_\_\_, plus net original issue premium of \$\_\_\_\_\_, and less the Underwriter's discount of \$\_\_\_\_\_). The Underwriter has agreed to purchase the Series B Refunding Bonds at a price of \$\_\_\_\_\_ (reflecting the initial principal amount of the Bonds of \$\_\_\_\_\_, and less the Underwriter's discount of \$\_\_\_\_\_). The Purchase Contracts for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said Purchase Contracts, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Underwriter.

*The Underwriter has provided the following for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.*

Morgan Stanley & Co. LLC, the Underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute securities to retail investors through the financial network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its underwriting efforts with respect to the Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the District for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## **ADDITIONAL INFORMATION**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only 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, beneficial or otherwise, of any of the Bonds.

### **BUTTE-GLENN COMMUNITY COLLEGE DISTRICT**

By \_\_\_\_\_  
Dr. Samia Yaqub  
Superintendent/President

## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series C Bonds in substantially the following form:*

\_\_\_\_\_, 2022

Board of Trustees  
Butte-Glenn Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ \_\_\_\_\_ Butte-Glenn Community College District (Butte and Glenn Counties, California) Election of 2016 General Obligation Bonds, Series C (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the “Act”), commencing with Section 53506 *et seq.*, a fifty-five percent vote of the qualified electors of the Butte-Glenn Community College District (the “District”) voting at an election held on November 8, 2016, and a resolution of the Board of Trustees of the District (the “Resolution”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, 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 calculating the federal alternative minimum tax imposed on individuals.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner’s basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of

the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series A Refunding Bonds in substantially the following form:*

\_\_\_\_\_, 2022

Board of Trustees  
Butte-Glenn Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ \_\_\_\_\_ Butte-Glenn Community College District (Butte and Glenn Counties, California) 2022 General Obligation Refunding Bonds, Series A (Tax-Exempt) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution (the “Resolution”) of the Board of Trustees of the Butte-Glenn Community College District (the “District”) adopted on April 13, 2022.
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, 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 calculating the federal alternative minimum tax imposed on individuals.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner’s basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative

minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series B Refunding Bonds in substantially the following form:*

\_\_\_\_\_, 2022

Board of Trustees  
Butte-Glenn Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ \_\_\_\_\_ Butte-Glenn Community College District (Butte and Glenn Counties, California) 2022 General Obligation Refunding Bonds, Series B (Federally Taxable) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution (the “Resolution”) of the Board of Trustees of the Butte-Glenn Community College District (the “District”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”).
4. Interest on the Bonds is exempt from State of California personal income tax.
5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owners’ basis in the applicable Bond.
6. The amount by which a Bond owner’s original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of the Bond may elect to amortize under Section 171 of the Code. Such amortizable Bond premium reduces the Bond owner’s basis in the applicable Bond (and the amount of taxable interest received), for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond

is sold by the Bond owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

**APPENDIX B**

**2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Butte-Glenn Community College District (the “District”) in connection with the issuance of (i) \$ \_\_\_\_\_ of the District’s Election of 2016 General Obligation Bonds, Series C, (ii) \$ \_\_\_\_\_ of the District’s 2022 General Obligation Refunding Bonds, Series A (Tax-Exempt) and (iii) of the District’s 2022 General Obligation Refunding Bonds, Series B (Federally Taxable) (collectively, the “Bonds”). The Bonds are being issued pursuant to Resolutions of the District adopted on April 13, 2022 (collectively, the “Resolutions”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth 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” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially the Isom Advisors, A Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Rulemaking Board consistent with the Rule.

“Holders” shall mean the registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement, dated as of \_\_\_\_\_, 2022, relating to the offer and sale of the Bonds.

“Participating Underwriter” shall mean Morgan Stanley & Co. LLC, as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean 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.

“State” shall mean the State of California.

### SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2021-22 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are 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(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

### SECTION 4. Content and Form of Annual Reports.

(a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 time the Annual Report is required to be filed pursuant to Section 3(a), 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.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (A) State funding received by the District for the last completed fiscal year;
- (B) Full time equivalent student counts of the District for the last completed fiscal year;
- (C) Outstanding District indebtedness;
- (D) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (E) Tax delinquencies, to the extent that either Butte County or Glenn County is no longer on the Teeter Plan; and
- (F) Assessed valuation of the District for the current fiscal year.

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board.

**SECTION 5. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- 1. principal and interest payment delinquencies.
- 2. tender offers.
- 3. defeasances.
- 4. rating changes.
- 5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
- 6. unscheduled draws on the debt service reserves reflecting financial difficulties.
- 7. unscheduled draws on credit enhancement reflecting financial difficulties.
- 8. substitution of the credit or liquidity providers or their failure to perform.
- 9. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties; and

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(10), the event 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 U.S. 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 governmental 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.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled Bond calls.
4. unless described under Section 5(a)(5) above, adverse tax opinions, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. 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.
7. appointment of a successor or additional paying agent with respect to the Bonds or the change of name of such paying agent.
8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file

any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. 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(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. 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, 5(a) or 5(b), 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 the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and
- (d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the

financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. 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 Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. 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.

Dated:

BUTTE-GLENN COMMUNITY COLLEGE  
DISTRICT

By \_\_\_\_\_  
Vice President, Administration

**EXHIBIT A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of District: BUTTE-GLENN COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: Election of 2016 General Obligation Bonds, Series C  
2022 General Obligation Refunding Bonds, Series A  
2022 General Obligation Refunding Bonds, Series B

Date of Issuance:

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

BUTTE-GLENN COMMUNITY COLLEGE  
DISTRICT

By \_\_\_\_\_ [form only; no signature required]

## APPENDIX D

### GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF CHICO AND THE COUNTIES OF BUTTE AND GLENN

*The following information regarding the City of Chico (the “City”) and the Counties of Butte and Glenn (collectively, the “Counties”) is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the Counties. This material has been prepared by or excerpted from the sources noted herein and has not been reviewed for accuracy by the District, the Underwriter or the Financial Advisor.*

#### **General**

***The City of Chico.*** Located approximately 90 miles north of Sacramento, Chico is the largest city in Butte County and serves as the commercial center for a three-county regional market area. Incorporated in 1872, it is a Charter City that operates under a Council-Manager form of government. Elected to staggered four-year terms, the seven member City Council selects a mayor from among its members to serve two-year terms and appoints a City Manager to implement its policies. Home to the second oldest institution in the California State University system, Chico enrolls over 16,000 students and supports a wide range of industries including agriculture, medical and manufacturing.

***Butte County.*** Incorporated in 1850 as one of the original 27 counties of the State of California, the county is comprised of 1,665 square miles that range in elevation from sixty feet to over 7,000 feet, which produces large variations in climate. Butte County is located in the northern part of the Sacramento Valley and is governed by a five member County Board of Supervisors, each of whom is elected from districts to biennial four-year terms. It is primarily agricultural.

***Glenn County.*** Incorporated in 1891, the county is halfway between Sacramento and Redding in Northern California. It is a General Law County governed by a five member Board of Supervisors elected biennially to four-year staggered terms from five supervisorial districts. Primarily an agricultural community, some members are beginning to experiment with agritourism in order to become a recreation destination.

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## Population

The following table shows historical population figures for the City, the Counties and the State of California from 2012 through 2021.

### POPULATION ESTIMATES 2012 through 2021 City of Chico, Butte County, Glenn County and the State of California

<u>Year</u> <sup>(1)</sup>	<u>City of Chico</u>	<u>Butte County</u>	<u>Glenn County</u>	<u>State of California</u>
2012	87,523	221,340	28,243	37,924,661
2013	88,127	222,374	28,135	38,269,864
2014	88,785	222,988	28,247	38,556,731
2015	89,615	223,920	28,347	38,865,532
2016	90,007	223,986	28,175	39,103,587
2017	91,166	225,468	28,328	39,352,398
2018	92,040	226,098	28,476	39,579,535
2019	110,126	220,855	28,661	39,605,361
2020	110,364	208,951	29,582	39,648,938
2021	111,490	202,669	29,679	39,466,855

<sup>(1)</sup> As of January 1.

Source: California Department of Finance.

## Income

The following table shows the per capita personal income for the Counties, the State of California and the United States for the past ten years.

### PER CAPITA PERSONAL INCOME 2011 through 2020<sup>(1)</sup> Butte County, Glenn County, the State of California, and the United States

<u>Year</u>	<u>Butte County</u>	<u>Glenn County</u>	<u>State of California</u>	<u>United States</u>
2011	\$33,712	\$34,119	\$45,594	\$42,783
2012	34,633	35,219	48,154	44,614
2013	35,442	37,891	48,549	44,894
2014	36,796	36,932	51,332	47,017
2015	39,483	39,586	54,632	48,891
2016	40,878	40,656	56,667	49,812
2017	41,465	41,185	58,942	51,811
2018	42,441	43,449	61,663	54,098
2019	45,175	43,247	64,513	56,047
2020	50,279	52,219	70,192	59,510

<sup>(1)</sup> Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2016 through 2020 for the City, the Counties, the State of California and the United States.

### CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT 2016 through 2020 City of Chico, Butte County, Glenn County, the State of California and the United States

<u>Year</u>	<u>Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate (%)</u>
2016	City Chico	47,600	45,200	2,400	5.1
	Butte County	101,600	94,900	6,700	6.6
	Glenn County	12,950	11,870	1,080	8.4
	State of California	19,012,000	17,965,400	1,046,600	5.5
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	City Chico	48,300	46,200	2,200	4.5
	Butte County	102,100	96,100	5,900	5.8
	Glenn County	12,810	11,850	960	7.5
	State of California	19,173,800	18,246,800	927,000	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	City Chico	48,700	46,700	1,900	3.9
	Butte County	101,800	96,600	5,200	5.1
	Glenn County	12,770	11,920	840	6.6
	State of California	19,263,900	18,442,400	821,500	4.3
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	City Chico	53,700	51,600	2,000	3.8
	Butte County	97,900	92,900	5,100	5.2
	Glenn County	12,990	12,170	810	6.2
	State of California	19,353,700	18,550,500	803,200	4.2
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	City Chico	50,800	46,800	4,000	8.0
	Butte County	92,600	84,100	8,500	9.2
	Glenn County	12,570	11,450	1,110	8.9
	State of California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department, March 2020.

## Principal Employers

The following tables show the principal employers located in the City and the Counties.

### PRINCIPAL EMPLOYERS As of June 30, 2021 City of Chico

<u>Employer</u>	<u>Employees</u>
Enloe Medical Center	3,563
Chico Unified School District	1,494
California State University, Chico	1,106
Build.com	543
Sierra Nevada Brewery	485
United Health Care	425
City of Chico	369
Costco	350
Walmart	276
Lulu's Fashion Lounge	217

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Source: *City of Chico Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2021.*

### PRINCIPAL EMPLOYERS As of June 30, 2021 Butte County

<u>Employer</u>	<u>Employees</u>
Enloe Medical Center, Inc.	3,593
Butte County	2,373
Oroville Hospital	1,882
Chico Unified School District	1,784
Butte County Office of Education	1,223
Pacific Coast Producers	1,187
Butte Glenn Community College	1,532
California State University, Chico	1,062
Walmart	998
Wayfinder, Family Svc	501

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<sup>(1)</sup> See also "BUTTE GLENN COMMUNITY COLLEGE DISTRICT – Labor Relations" in front part of this Official Statement for updated employee counts.

Source: *County of Butte Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021.*

**PRINCIPAL EMPLOYERS**  
**2020**  
**Glenn County**

<u>Employer</u>	<u>Employees</u>
County of Glenn	456
Johns Manville	250-499
Erick Nielsen Enterprises Inc.	100-249
Glenn Family Medical Group	100-249
Glenn Medical Center	100-249
Rumiano Cheese Factory	100-249
Sierra Nevada Cheese Co.	100-249
Sunsweet Dryers	100-249
Walmart	100-249
Glenn County Office of Education	50-99

*Source: County of Glenn Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.*

**Industry**

Butte County is included in the Chico Metropolitan Statistical Area (the “MSA”). Glenn County is designated its own geographic area by the State of California, Employment Development Department. The distribution of employment in the MSA and Glenn County are presented in the following tables for the past five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the Counties.

**INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES**  
**2016 through 2020**  
**Butte County (Chico MSA)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Farm	3,100	3,100	3,100	2,900	2,900
Mining, Logging and Construction	3,600	3,800	4,300	4,400	4,200
Manufacturing	4,300	4,300	4,300	4,100	4,000
Wholesale Trade	1,900	2,000	2,100	2,200	2,100
Retail Trade	10,700	11,100	11,100	10,700	9,800
Transportation, Warehousing & Utilities	1,600	1,600	1,600	1,600	1,700
Information	1,000	900	900	800	1,700
Financial Activities	3,600	3,400	3,300	3,100	3,000
Professional and Business Services	5,800	5,800	5,600	5,800	5,400
Education and Health Services	18,800	19,400	19,900	18,400	17,500
Leisure and Hospitality	8,600	8,900	9,200	9,000	7,100
Other Services	3,800	3,800	3,800	3,900	3,000
Government	<u>16,300</u>	<u>16,500</u>	<u>16,400</u>	<u>16,600</u>	<u>14,900</u>
Total All Industries	82,900	84,600	85,600	83,500	76,300

Note: May not add to total due to independent rounding.

*Source: California Employment Development Department, Labor Market Information Division. March 2020 Benchmark*

**INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES**  
**2016 through 2020**  
**Glenn County**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Farm	2,160	2,210	2,250	2,440	2,370
Mining, Logging and Construction	290	310	330	360	380
Manufacturing	640	670	710	740	720
Wholesale Trade	350	320	330	340	340
Retail Trade	830	800	800	850	850
Transportation, Warehousing & Utilities	530	540	510	540	550
Financial Activities	160	160	160	150	150
Professional and Business Services	260	230	230	230	280
Education and Health Services	890	890	890	960	920
Leisure and Hospitality	700	690	730	760	600
Government	<u>2,070</u>	<u>2,090</u>	<u>2,100</u>	<u>2,160</u>	<u>2,000</u>
Total All Industries	9,060	9,100	9,230	9,670	9,280

Note: May not add to total due to independent rounding.

Source: California Employment Development Department, Labor Market Information Division. March 2020 Benchmark.

**Commercial Activity**

Summaries of annual taxable sales for the City and the Counties from 2016 through 2020 are shown in the following tables.

**ANNUAL TAXABLE SALES**  
**2016 through 2020**  
**City of Chico**  
**(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2016	1,985	\$1,473,162	3,104	\$1,849,065
2017	1,945	1,557,661	3,035	1,976,771
2018	1,911	1,665,214	3,070	2,123,791
2019	1,904	1,774,868	3,147	2,302,860
2020	2,252	1,560,586	3,652	2,101,127

Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").

**ANNUAL TAXABLE SALES  
2016 through 2020  
Butte County  
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2016	4,866	\$2,293,267	7,420	\$3,239,068
2017	4,770	2,416,528	7,288	3,406,179
2018	4,606	2,548,767	7,258	3,505,414
2019	4,348	2,685,911	7,029	3,795,302
2020	4,455	2,667,665	7,295	3,831,717

*Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").*

**ANNUAL TAXABLE SALES  
2016 through 2020  
Glenn County  
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2016	661	\$230,408	971	\$393,356
2017	660	253,589	975	425,101
2018	658	276,401	1,026	454,682
2019	634	294,572	1,022	484,513
2020	669	295,779	1,089	499,994

*Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").*

**Construction Activity**

The annual building permit valuations and number of permits for new dwelling units issued from 2016 through 2020 for the City and the Counties are shown in the following tables.

**BUILDING PERMITS AND VALUATIONS  
2016 through 2020  
City of Chico  
(Dollars in Thousands)**

<u>Valuation</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	\$88,712	\$103,697	\$91,827	\$117,341	\$91,371
Non-Residential	<u>14,391</u>	<u>23,405</u>	<u>36,436</u>	<u>38,504</u>	<u>32,269</u>
Total	\$103,103	\$127,102	\$128,263	\$155,845	\$123,640
<u>Units</u>					
Single Family	282	273	341	217	306
Multiple Family	<u>247</u>	<u>363</u>	<u>108</u>	<u>547</u>	<u>208</u>
Total	529	636	449	764	514

Note: Totals may not add to sum due to rounding.

*Source: Construction Industry Research Board.*

**BUILDING PERMITS AND VALUATIONS**  
**2016 through 2020**  
**Butte County**  
**(Dollars in Thousands)**

Valuation	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	\$136,832	\$153,584	\$132,928	\$265,578	\$335,845
Non-Residential	<u>84,648</u>	<u>51,466</u>	<u>95,086</u>	<u>78,707</u>	<u>72,337</u>
Total	\$221,480	\$205,050	\$228,014	\$344,285	\$408,182
Units					
Single Family	430	545	467	804	1,323
Multiple Family	<u>247</u>	<u>366</u>	<u>164</u>	<u>563</u>	<u>371</u>
Total	677	911	631	1,367	1,694

Note: Totals may not add to sum due to rounding.  
Source: Construction Industry Research Board.

**BUILDING PERMITS AND VALUATIONS**  
**2016 through 2020**  
**Glenn County**  
**(Dollars in Thousands)**

Valuation	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	\$13,078	\$6,270	\$12,615	\$9,619	\$6,738
Non-Residential	<u>5,472</u>	<u>9,920</u>	<u>5,627</u>	<u>7,052</u>	<u>19,515</u>
Total	\$18,550	\$16,190	\$18,242	\$16,671	\$26,253
Units					
Single Family	54	21	49	45	13
Multiple Family	<u>0</u>	<u>0</u>	<u>10</u>	<u>2</u>	<u>24</u>
Total	54	21	59	47	37

Note: Totals may not add to sum due to rounding.  
Source: Construction Industry Research Board

## APPENDIX E

### BUTTE COUNTY INVESTMENT POOL

*The following information concerning the Butte County Investment Pool (the "Investment Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer") of Butte County (the "County"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer's website at <http://www.buttecounty.net/ttc>; however, the information presented on such website is not incorporated herein by any reference.*