

NEW ISSUE - FULL BOOK-ENTRY

RATING: Moody's "____"
See "RATING" herein.

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

\$48,500,000*

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
(Butte and Glenn Counties, California)
Election of 2016 General Obligation Bonds, Series D

Dated: Date of Delivery

Due: August 1, as shown on inside front cover

Authority and Purpose. The captioned Election of 2016 General Obligation Bonds, Series D (the "Bonds") of the Butte-Glenn Community College District (the "District"), are being issued pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on June 25, 2025 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on November 8, 2016 (the "2016 Authorization"), which authorized the issuance of \$190,000,000 principal amount of general obligation bonds for the purpose of acquiring, constructing, reconstructing, rehabilitating, replacing, furnishing and equipping District facilities. The Bonds are the fourth and final series of bonds to be issued under the 2016 Authorization. Proceeds of the Bonds will be used to finance voter-approved capital improvements and pay applicable costs of issuance. See "THE BONDS – Authority for Issuance," and "THE FINANCING PLAN," herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by Butte County (the "County") and Glenn County (together with the County, the "Counties"). The Board of Supervisors of Butte County and the Board of Supervisors of Glen County are empowered and are obligated to annually levy *ad valorem* taxes for the payment of principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. See "SECURITY FOR THE BONDS."

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

Payments. The Bonds are dated the date of delivery and are being issued as current interest bonds. The Bonds bear interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing February 1, 2026. Payments of principal and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Description of the Bonds."

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

MATURITY SCHEDULES

(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado, is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about September 10, 2025.*



Capital Markets

The date of this Official Statement is _____, 2025.

*Preliminary; subject to change.

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 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 a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE*

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT Election of 2016 General Obligation Bonds, Series D

Base CUSIP: 124110

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

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc on behalf of The American Bankers Association. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT

BOARD OF TRUSTEES

William McGinnis, *President - Area II*
John Blacklock, *Vice President - Area V*
John Nock, *Clerk - Area VI*
Michael Boeger, *Member - Area IV*
John Dahlmeier, *Member - Area I*
Rick Krepelka, *Member - Area III*
Eugene Massa, *Member - Area VII*

DISTRICT ADMINISTRATION

Virginia L. Guleff, *Superintendent/President*
Jessica Snelling, *Vice President, Administrative Services*
Erik Shearer, *Vice President, Instruction*
Imelda Simos-Valdez, *Vice President, Student Services*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

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

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, 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.

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

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

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

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

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

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\$48,500,000*
BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
(Butte and Glenn Counties, California)
Election of 2016 General Obligation Bonds, Series D

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned Election of 2016 General Obligation Bonds, Series D (the “**Bonds**”) by the Butte-Glenn Community College District (the “**District**”).

INTRODUCTION

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

The District. The District is located in Butte County (the “**County**”) and Glenn County (“**Glenn County**” and, together with the County, the “**Counties**”), in the State of California (the “**State**”). 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 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 2024-25, the District has a budgeted for full-time equivalent students (“**FTES**”) count of approximately 9,000, and taxable property in the District has an assessed valuation of \$ ____.

See “APPENDIX A – GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT” and “– GENERAL DISTRICT INFORMATION.”

Purposes. The net proceeds of the Bonds will be used to finance construction and improvements to District facilities as approved by the voters at an election held in the District on November 8, 2016 (the “**Bond Election**”).

A portion of the proceeds of the Bonds will also be applied to pay the allocable costs of issuing such Bonds. See “THE FINANCING PLAN” and “APPLICATION OF PROCEEDS OF THE BONDS” herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District, voting at the Bond Election. The Bonds will be issued pursuant to certain provisions of the Government Code of the State, commencing with Section 53506 thereof (the “**Bond Law**”), and pursuant to a resolution adopted by the Board of Trustees on June 25, 2025 (the “**Bond Resolution**”). See “THE BONDS - Authority for Issuance” herein.

Payment and Registration of the Bonds. The Bonds are being issued as current interest bonds, and mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the

name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “THE BONDS” and APPENDIX F.

Redemption^{*}. The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Redemption.”

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado, is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and counsel to the Underwriter is contingent upon issuance of the Bonds.

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

Tax Matters. In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS” and APPENDIX D hereto for the form of Bond Counsel’s opinion to be delivered concurrently with the Bonds.

Cyber Risks. The District, like other governmental and business entities, faces significant risks relating to the use and application of computer software and hardware for educational, operational and management purposes. The District collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, vendors and contractors. As the custodian of such information, the District may face cybersecurity threats, attacks or incidents from time to time. No assurance can be given that future cyber threats or attacks against the District or third-party entities or service providers will not directly or indirectly impact the District or the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the District’s continuing disclosure undertakings, described in more detail herein. See APPENDIX A “FINANCIAL INFORMATION – Disclaimer Regarding Cyber Risks.”

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District from the Superintendent’s Office at 3536 Butte Campus Drive, Oroville, California 95965, telephone 530-895-2484. The District may impose a charge for copying, mailing and handling.

^{*}*Preliminary; subject to change.*

THE FINANCING PLAN

The proceeds of the Bonds will be used to finance voter-approved capital improvements to District educational facilities as more particularly described below, and to pay related costs of issuance.

The Bonds. The proceeds of the Bonds will be used to finance projects approved by the voters at the Bond Election, which was approved by 65.99% of voters of the District (the “**2016 Authorization**”). The abbreviated form of the ballot measure is as follows:

“To upgrade classrooms to improve safety and prepare students/ veterans for university transfer/careers, such as nursing, welding, emergency response, by upgrading aging classrooms/ technology, removing asbestos/ unsafe gas lines, improving water conservation, electrical wiring, security, constructing science, welding, public safety, Veterans facilities, and repairing, acquiring, constructing property, facilities/ equipment, shall Butte-Glenn Community College District issue \$190,000,000 in bonds at legal rates, requiring independent audits, citizen oversight, all funds spent locally?”

The Bonds are the fourth and final series of bonds to be issued under the 2016 Authorization. Following the issuance of the Bonds, there will be no unused authorization remaining under the 2016 Authorization*.

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the “**Project List**”). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2016 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

* Preliminary; subject to change.

APPLICATION OF PROCEEDS OF THE BONDS

Building Fund

Pursuant to the Bond Resolution, the net proceeds from the sale of the Bonds will be paid and credited to the fund established and held by the County Treasurer (the “**County Treasurer**”) and designated as the “Butte-Glenn Community College District Election of 2016 General Obligation Bonds, Series D Building Fund” (the “**Building Fund**”). Amounts credited to the Building Fund will be expended by the District for the purpose of financing projects authorized under the 2016 Authorization. All interest and other gain arising from the investment of proceeds of the Bonds deposited into the Building Fund will be retained in the Building Fund and used for the purposes thereof.

Debt Service Fund

Pursuant to the Bond Resolution, premium, if any, received by the County from the sale of the Bonds, will be deposited and kept separate and apart in the funds established and held by the County Treasurer and designated as the “Butte-Glenn Community College District Election of 2016 General Obligation Bonds, Series D Debt Service Fund” (the “**Debt Service Fund**”), which is pledged for the payment of the principal of and interest on the Bonds when and as the same become due and payable.

All taxes levied by the Counties for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon apportionment of said levy.

Any moneys remaining in the Debt Service Fund for the Bonds, following the payment of the principal of and interest on such Bonds have been paid in full, shall be transferred to any other interest and sinking fund or account for general obligation bond indebtedness of the District, including refunding bonds, and in the event there is no such debt outstanding, shall be transferred to the District’s general fund upon the order of the County auditor.

Investment of Proceeds of Bonds

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

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

SOURCES AND USES OF FUNDS

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

<u>Sources of Funds</u>	<u>Total</u>
Principal Amount of Bonds	
[Net] Original Issue [Premium/Discount]	
Total Sources	
<u>Uses of Funds</u>	
Building Fund	
Debt Service Fund	
Costs of Issuance ⁽¹⁾	
Total Uses	

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, Paying Agent, and the rating agency.

THE BONDS

Authority for Issuance

The Bonds. The Bonds will be issued under the Bond Law and the Bond Resolution, pursuant to the 2016 Authorization, which authorized the issuance of \$190,000,000 principal amount of general obligation bonds for the purpose of acquiring, constructing, reconstructing, rehabilitating, replacing, furnishing and equipping District facilities. After the issuance of the Bonds, there will be no unused authorization remaining under the 2016 Authorization*.

Description of the Bonds

The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “Book-Entry Only System” below and APPENDIX F.

The Bonds shall be issued in the denomination of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2026 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2026, in which event it will bear interest from the date of delivery identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent (as defined below) to DTC for subsequent disbursement to participants in DTC’s book-entry only system (“**DTC Participants**”), who will remit such payments to the beneficial owners of the Bonds.

See the maturity schedules on the inside cover page of this Official Statement and “DEBT SERVICE SCHEDULES” herein.

Payment of the Bonds

Interest on the Bonds (including the final interest payment upon maturity or redemption) is payable by check, draft or wire of the Paying Agent mailed to the person in whose name the ownership of such Bond is registered on the Registration Books (the “**Owner**”) (which will be DTC so long as the Bonds are held in the book-entry system of DTC) at such Owner’s address as it appears on the Registration Books at the close of business on the preceding Record Date; except that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the Bonds, which written request is on file with the Paying Agent as of any Record Date, interest on such Bonds will be paid by wire payment on the succeeding Interest Payment Date to such account as will be specified in such written request. Principal of and premium (if any) on the Bonds is payable in lawful money of the United States of America upon presentation and surrender at the Office of the Paying Agent.

* Preliminary; subject to change.

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of the Bonds (the “**Beneficial Owners**”) will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent for the Bonds (the “**Paying Agent**”) to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action premised on such notice. See APPENDIX F.

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

Redemption*

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

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

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__ (the “**Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium, together with interest accrued thereon to the date fixed for redemption.

* Preliminary; subject to change.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption
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If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Notice of Redemption

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the owners of any Bonds designated for redemption, at their addresses appearing on the registration books. Such notice may be a conditional notice of redemption and subject to rescission as described below. Such mailing is not a condition precedent to such redemption and the failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds. In addition, the Paying Agent will give notice of redemption by telecopy or certified, registered or overnight mail to the Municipal Securities Rulemaking Board and each of the Securities Depositories (as such terms are defined in the Bond Resolution) at least two days prior to such mailing to the Bond owners.

Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds of a series are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Partial Redemption of Bonds

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

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

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

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance

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

- (a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

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

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

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

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

As used in the foregoing provisions, the term "**Federal Securities**" is defined in the Bond Resolution, and generally means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is, directly or indirectly, guaranteed by the full faith and credit of the United States.

DEBT SERVICE SCHEDULES

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
Bonds Debt Service Schedule**

Bond Year Ending August 1	Principal	Interest	Total Debt Service
<hr/>			
Total			

Combined Debt Service Schedule. The following schedule shows the combined annual debt service with respect to the Bonds together with other outstanding general obligation bonds of the District (assuming no optional redemptions).

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
Combined Debt Service Schedule**

Bond Year Ending Aug. 1	2002 Series A Bonds ⁽¹⁾	2002 Series B Bonds	2015 Refunding Bonds	2016 Series A Bonds	2017 Refunding Bonds	2016 Series B Bonds	2016 Series C Bonds	2022 Refunding Bonds	The Bonds	Total Debt Service
2025	--	--	\$3,631,750.00	\$1,800,225.00	\$779,050.00	\$1,753,218.76	\$3,698,700.00	\$2,360,800.00		
2026	--	--	3,861,250.00	1,863,725.00	779,050.00	1,812,618.76	2,176,700.00	2,433,600.00		
2027	\$3,095,000.00	--	4,021,500.00	1,928,475.00	779,050.00	1,879,218.76	2,257,700.00	--		
2028	--	--	--	1,994,225.00	4,359,050.00	1,942,618.76	2,334,900.00	--		
2029	--	\$4,475,000.00	--	2,065,725.00	4,370,050.00	2,007,818.76	2,413,300.00	--		
2030	--	--	--	2,137,475.00	8,861,550.00	2,079,618.76	2,497,700.00	--		
2031	--	--	--	2,212,525.00	--	2,152,618.76	2,582,700.00	--		
2032	--	--	--	2,282,125.00	--	2,231,618.76	2,678,100.00	--		
2033	--	--	--	2,362,725.00	--	2,311,218.76	2,773,300.00	--		
2034	--	--	--	2,448,725.00	--	2,386,218.76	2,861,800.00	--		
2035	--	--	--	2,534,725.00	--	2,471,618.76	2,968,050.00	--		
2036	--	--	--	2,620,525.00	--	2,561,818.76	3,070,800.00	--		
2037	--	--	--	2,722,275.00	--	2,641,418.76	3,169,800.00	--		
2038	--	--	--	2,805,525.00	--	2,740,618.76	3,284,800.00	--		
2039	--	--	--	2,905,775.00	--	2,833,418.76	3,399,600.00	--		
2040	--	--	--	3,011,775.00	--	2,929,818.76	3,511,600.00	--		
2041	--	--	--	3,112,775.00	--	3,034,518.76	3,635,600.00	--		
2042	--	--	--	3,227,087.50	--	3,139,268.76	3,765,800.00	--		
2043	--	--	--	3,338,900.00	--	3,248,918.76	3,896,600.00	--		
2044	--	--	--	3,452,675.00	--	3,363,168.76	4,027,600.00	--		
2045	--	--	--	3,573,062.50	--	3,481,718.76	4,163,400.00	--		
2046	--	--	--	3,689,012.50	--	4,242,137.50	4,773,400.00	--		
2047	--	--	--	--	--	5,118,187.50	5,673,200.00	--		
2048	--	--	--	--	--	5,299,943.76	--	--		
2049	--	--	--	--	--	--	--	--		
2050	--	--	--	--	--	--	--	--		
2051	--	--	--	--	--	--	--	--		
2052	--	--	--	--	--	--	--	--		
2053	--	--	--	--	--	--	--	--		
2054	--	--	--	--	--	--	--	--		
Total	\$3,095,000.00	\$4,475,000.00	\$11,514,500.00	\$58,090,062.50	\$19,927,800.00	\$67,663,362.72	\$75,615,150.00	\$4,794,400.00		

(1) Matures February 1, 2027.

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the Counties. The Counties are empowered and are obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Other Bonds Payable from Ad Valorem Property Taxes. In addition to the Bonds, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District, as well as other outstanding voter-approved general obligation bond indebtedness of the District. See “PROPERTY TAXATION – Tax Rates” and “– Direct and Overlapping Debt” below.

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

District property taxes are assessed and collected by the Counties in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

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

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

Natural Disasters. Economic and other factors beyond the District’s control, such as economic recession, deflation of land values, pandemics, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See “PROPERTY TAXATION – Assessed Valuation – Factors Relating to Increases/Decreases in Assessed Value.”

Debt Service Fund

As described herein under the heading “APPLICATION OF PROCEEDS OF THE BONDS,” the County will establish a Debt Service Fund for the Bonds, which, pursuant to the Bond Resolution, will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the Counties for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. Pursuant to the Bond Resolution, the County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the Counties, for the payment of principal and interest on the Bonds. Although the Counties are obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt (nor a pledge of the full faith and credit) of the Counties.

PROPERTY TAXATION

Property Tax Collection Procedures

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% 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 a county.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (“**SB 813**”), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the local superior court clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

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

Assessed Valuation

Generally. The assessed valuation of property in the District is established by the county assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of property. For a discussion of how properties currently are assessed, see “— CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” in APPENDIX A. Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Assessed Valuation History. The following table sets forth a recent history of the assessed value in the District.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT Assessed Valuation Fiscal Years 2013-24 to 2024-25

Butte County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2013-14	\$16,982,172,736	\$4,821,511	\$933,688,410	\$17,920,682,657	--%
2014-15	17,567,611,075	6,270,694	986,793,184	18,560,674,953	3.6
2015-16	18,456,755,900	6,270,694	1,001,854,641	19,464,881,235	4.9
2016-17	19,220,286,298	6,275,182	1,054,434,115	20,280,995,595	4.2
2017-18	20,300,862,619	6,171,425	1,083,977,958	21,391,012,002	5.5
2018-19	21,353,308,792	6,425,393	1,159,415,555	22,519,149,740	5.3
2019-20	20,634,739,575	5,899,881	1,206,261,877	21,846,901,333	(3.0)
2020-21	21,866,064,886	5,904,610	1,246,540,601	23,118,510,097	5.8
2021-22	22,808,012,418	5,905,805	1,252,514,156	24,066,432,379	4.1
2022-23	24,361,204,704	6,459,566	1,347,232,823	25,714,897,093	6.8
2023-24	26,202,698,532	6,458,371	1,504,678,869	27,713,835,772	7.8
2024-25	27,064,358,289	5,454,127	1,421,300,648	28,491,113,064	2.8

Source: California Municipal Statistics, Inc.

Glenn County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2013-14	\$2,399,948,176	\$1,922,288	\$126,284,141	\$2,528,154,605	--%
2014-15	2,455,724,622	1,922,288	136,953,731	2,594,600,641	2.6
2015-16	2,608,460,585	2,124,483	151,062,049	2,761,647,117	6.4
2016-17	2,727,966,951	1,879,983	137,422,828	2,867,269,762	3.8
2017-18	2,832,099,358	1,831,279	133,867,457	2,967,798,094	3.5
2018-19	2,972,691,890	1,789,609	140,896,313	3,115,386,812	5.0
2019-20	3,295,566,019	1,656,033	145,937,838	3,443,159,890	10.5
2020-21	3,539,233,508	1,550,533	153,079,541	3,693,863,582	7.3
2021-22	3,647,319,238	1,550,533	155,086,246	3,803,956,017	3.0
2022-23	3,923,991,620	1,550,533	165,602,966	4,091,145,119	7.5
2023-24	4,074,944,130	1,619,285	186,088,567	4,262,651,982	4.2
2024-25	3,966,724,586	1,619,285	210,793,355	4,179,137,226	(2.0)

Source: California Municipal Statistics, Inc.

Total District

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2013-14	\$19,382,120,912	\$6,743,799	\$1,059,972,551	\$20,448,837,262	--%
2014-15	20,023,335,697	8,192,982	1,123,746,915	21,155,275,594	3.5
2015-16	21,065,216,485	8,395,177	1,152,916,690	22,226,528,352	5.1
2016-17	21,948,253,249	8,155,165	1,191,856,943	23,148,265,357	4.1
2017-18	23,132,961,977	8,002,704	1,217,845,415	24,358,810,096	5.2
2018-19	24,326,000,682	8,224,002	1,300,311,868	25,634,536,552	5.2
2019-20	23,930,305,594	7,555,914	1,352,199,715	25,290,061,223	(1.3)
2020-21	25,405,298,394	7,455,143	1,399,620,142	26,812,373,679	6.0
2021-22	26,455,331,656	7,456,338	1,407,600,402	27,870,388,396	3.9
2022-23	28,285,196,324	8,010,099	1,512,835,789	29,806,042,212	6.9
2023-24	30,277,642,662	8,077,656	1,690,767,436	31,976,487,754	7.3
2024-25	31,031,082,875	7,073,412	1,632,094,003	32,670,250,290	2.2

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and disasters such as wildfires, earthquakes, droughts, floods, climate change and pandemics, among others. The District cannot predict or make any representations regarding the effects that natural disasters or other conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Wildfires. According to the State, fire season is starting earlier and ending later each year, with the increased length of the season corresponding to an increase in the extent of forest fires across the State. In addition to destroying land and structures, there have been human fatalities and negative impacts on air quality throughout the State. Fires in the State and neighboring states have threatened the region's power grids, making some power lines unreliable. The District cannot predict or make any representations regarding the effects that wildfires and related conditions have or may have on the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

On November 8, 2018, the Camp Fire ignited in the County, burning 153,336 acres and destroying 18,804 structures. The Camp Fire caused at least 86 civilian fatalities and almost completely destroyed the towns of Paradise and Concow and caused substantial damage to the towns of Magalia and Pulga. As a result, the District's 2019-20 assessed valuation in the County decreased by 2.99%.

On January 7, 2025, the Palisades Fire started in the Pacific Palisades area of Los Angeles County, destroying nearly 7,000 structures and damaging over 1,000 more. Several other fires subsequently broke out in Los Angeles County, destroying and threatening numerous structures, including the Eaton Fire in Altadena, which destroyed more than 9,000 structures and damaged 1,000 more.

Seismic Events. The District is located in a seismically active region. 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. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. As of March 11, 2025, the U.S. Drought Monitor indicated that the State is classified as experiencing no drought conditions in the northern part of the State, some abnormally dry, moderate and severe drought conditions, with pockets of severe and extreme drought conditions on the south and southeast borders, with the Counties experiencing no drought conditions. During 2021, the Governor of the State proclaimed a drought state of emergency for all counties in the State, culminating with an October 19, 2021, proclamation, urging Californians to step up their water conservation efforts.

In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. In January 2023, the State Water Board adopted its first five-year temporary groundwater recharge permit, in addition to adopting new statewide sanitary sewer orders and appointing 11 members to the Advisory Group on Safe Drinking Water Funding. Local agencies can impose and enforce their own drought conservation rules.

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. 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.

Public Health Emergencies. In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the World Health Organization announced the official name for the outbreak of the disease known as COVID-19 ("**COVID-19**"), an upper respiratory tract illness, that spread across the globe. The

ultimate impact of COVID-19 on the District’s operations and finances and the economy, real estate market, development within the District and tax collections may not be fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the District’s operations and finances. In addition, the District cannot predict whether future pandemics will occur and whether any such pandemics may impact its finances or operations. As of this date, several vaccines have been provided approval by federal health authorities and are widely available, and both the national emergency and state of emergency have officially ended, and the World Health Organization declared an end to the COVID-19 global health emergency.

Property Tax Base Transfer Ballot Measure. On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment (“**Proposition 19**”), which will: (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 a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

Assessed Valuation by Jurisdiction. The following table shows the assessed valuation of local secured property within the District by jurisdiction for fiscal year 2024-25.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
Assessed Valuations by Jurisdiction
Fiscal Year 2024-25

<u>Jurisdiction:</u>	<u>Assessed Valuation in School District</u>	<u>% of School District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in School District</u>
City of Biggs (Butte County)	\$ 144,441,058	0.44%	\$144,441,058	100.00%
City of Chico (Butte County)	13,146,459,766	40.24	\$13,146,459,766	100.00%
City of Gridley (Butte County)	563,982,508	1.73	\$563,982,508	100.00%
City of Orland (Glenn County)	656,365,873	2.01	\$656,365,873	100.00%
City of Oroville (Butte County)	1,780,667,102	5.45	\$1,780,667,102	100.00%
Town of Paradise (Butte County)	1,725,357,032	5.28	\$1,725,357,032	100.00%
City of Willows (Glenn County)	477,310,999	1.46	\$477,310,999	100.00%
Unincorporated Butte County	11,130,205,598	34.07	\$12,922,727,605	86.13%
Unincorporated Glenn County	<u>3,045,460,354</u>	<u>9.32</u>	\$3,118,457,179	97.66%
Total District	\$32,670,250,290	100.00%		
Summary by County:				
Butte County	\$28,491,113,064	87.21%	\$28,558,278,039	99.76%
Glenn County	<u>4,179,137,226</u>	<u>12.79</u>	\$4,252,134,051	98.28%
Total District	\$32,670,250,290	100.00%		

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2024-25.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2024-25**

	2024-25 Assessed Valuation⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural/Timber	\$4,415,793,248	14.23%	10,762	9.66%
Commercial/Office	3,388,929,953	10.92	5,508	4.95
Vacant Commercial	157,565,315	0.51	852	0.76
Industrial	1,222,889,922	3.94	1,711	1.54
Vacant Industrial	40,220,161	0.13	241	0.22
Recreational	73,016,739	0.24	539	0.48
Government/Social/Institutional	330,734,724	1.07	2,268	2.04
Miscellaneous	<u>76,063,180</u>	<u>0.25</u>	<u>1,245</u>	<u>1.12</u>
Subtotal Non-Residential	\$9,705,213,242	31.28%	23,126	20.76%
Residential:				
Single Family Residence	\$16,382,270,160	52.79%	54,094	48.57%
Condominium/Townhouse	186,577,837	0.60	1,019	0.91
Mobile Home	924,063,981	2.98	8,080	7.25
Mobile Home Park	182,259,974	0.59	148	0.13
2-4 Residential Units	1,052,986,565	3.39	1,947	1.75
5+ Residential Units/Apartments	1,519,064,330	4.90	1,831	1.64
Miscellaneous Residential Improvements	21,430,889	0.07	372	0.33
Vacant Residential	<u>1,057,215,897</u>	<u>3.41</u>	<u>20,766</u>	<u>18.64</u>
Subtotal Residential	\$21,325,869,633	68.72	88,257	79.24
Total	\$31,031,082,875	100.00%	111,383	100.00%

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

Per Parcel Assessed Valuation of Single-Family Homes. The following table shows the assessed valuations of single-family homes in the District for fiscal year 2024-25.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
2024-25 Per Parcel Assessed Valuation of Single Family Homes**

	<u>No. of Parcels</u>	<u>2024-25 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	54,094	\$16,382,270,160	\$302,848	\$272,736

<u>2024-25 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	1,511	2.793%	2.793%	\$ 52,626,621	0.321%	0.321%
\$50,000 - \$99,999	4,614	8.530	11.323	355,649,433	2.171	2.492
\$100,000 - \$149,999	5,861	10.835	22.158	733,535,884	4.478	6.970
\$150,000 - \$199,999	6,180	11.425	33.582	1,082,489,530	6.608	13.577
\$200,000 - \$249,999	5,995	11.083	44.665	1,346,667,560	8.220	21.798
\$250,000 - \$299,999	6,061	11.205	55.869	1,662,871,334	10.150	31.948
\$300,000 - \$349,999	5,603	10.358	66.227	1,815,416,943	11.082	43.030
\$350,000 - \$399,999	4,798	8.870	75.097	1,793,340,820	10.947	53.977
\$400,000 - \$449,999	3,929	7.263	82.360	1,663,848,098	10.156	64.133
\$450,000 - \$499,999	2,723	5.034	87.394	1,287,190,914	7.857	71.990
\$500,000 - \$549,999	1,925	3.559	90.953	1,007,743,803	6.151	78.142
\$550,000 - \$599,999	1,291	2.387	93.339	739,323,669	4.513	82.655
\$600,000 - \$649,999	920	1.701	95.040	573,420,209	3.500	86.155
\$650,000 - \$699,999	695	1.285	96.325	467,729,932	2.855	89.010
\$700,000 - \$749,999	467	0.863	97.188	337,566,883	2.061	91.071
\$750,000 - \$799,999	361	0.667	97.856	279,829,213	1.708	92.779
\$800,000 - \$849,999	280	0.518	98.373	230,292,202	1.406	94.184
\$850,000 - \$899,999	197	0.364	98.737	172,162,636	1.051	95.235
\$900,000 - \$949,999	143	0.264	99.002	131,870,747	0.805	96.040
\$950,000 - \$999,999	132	0.244	99.246	128,629,145	0.785	96.825
\$1,000,000 and greater	408	0.754	100.000	520,064,584	3.175	100.000
	<u>54,094</u>	<u>100.000%</u>		<u>\$16,382,270,160</u>	<u>100.000%</u>	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

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

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

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

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

Proposition 8 reductions may also be unilaterally applied by the county assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the county assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on such Bonds (and other outstanding general obligation bonds, if any) may be paid.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in two representative tax rate areas (each, a “TRA”) that are in the District during fiscal years 2020-21 through 2024-25.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT Typical Tax Rates Rates per \$100 of Assessed Valuation Fiscal Years 2020-21 through 2024-25

Butte County (TRA 05-001)⁽¹⁾	2020-21	2021-22	2022-23	2023-24	2024-25
General	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Paradise Unified School District	--	.051965	.051882	.049628	.031781
Butte-Glenn CCD	.041353	.033120	.035529	.036930	.033844
Total	\$1.041353	\$1.085085	\$1.087411	\$1.086588	\$1.065625
Paradise Irrigation District (Land Only)	--	--	--	--	--
Total Land Only Tax Rate	--	--	--	--	--
Glenn County (TRA 01-001)⁽²⁾	2020-21	2021-22	2022-23	2023-24	2024-25
General	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Butte-Glenn CCD	.041353	.033120	.035529	.036930	.033844
Orland Joint Unified School District	.065000	.063122	.060000	.059964	.060000
Total	\$1.106353	\$1.096242	\$1.095529	\$1.096894	\$1.093844

(1) 2024-25 assessed valuation of TRA 05-001 is \$1,550,267,989 which is 4.75% of the District's total assessed valuation.

(2) 2024-25 assessed valuation of TRA 01-001 is \$337,033,350 which is 1.03% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The Boards of Supervisors of the Counties have adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the Counties may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The tax levy for payment of the District’s general obligation bonds, including the Bonds, is covered under each County’s Teeter Plan.

So long as the Teeter Plan remains in effect, and the Counties continue to include the District in their respective Teeter Plans, the District’s receipt of revenues with respect to the levy of ad valorem property taxes on the secured roll will not be dependent upon actual collections of the ad valorem property taxes by the Counties. However, under the statute creating the Teeter Plan, each County’s Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Boards of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all ad valorem property taxes levied within the District in any year exceeds 3%.

In the event that the Teeter Plan were terminated with regard to the remainder of the secured tax roll, the amount of the levy of ad valorem property taxes in the District would depend

upon the collections of the ad valorem property taxes and delinquency rates experienced with respect to the parcels within the District.

Notwithstanding the above, the table below shows secured tax charge and delinquency rates for fiscal years 2019-20 through 2023-24.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2017-18 through 2023-24**

Butte County Portion

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30	% Del. June 30
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
2021-22	7,499,961.56	134,263.59	1.79
2022-23	8,553,177.59	173,531.77	2.03
2023-24	9,602,662.15	229,844.62	2.39

(1) District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2017-18 through 2023-24**

Glenn County Portion

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30	% Del. June 30
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
2021-22	1,171,157.01	84,827.30	7.24
2022-23	1,348,913.36	23,847.07	1.77
2023-24	1,404,811.29	24,054.84	1.71

(1) District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Major Taxpayers

The 20 taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2024-25 tax roll, and the assessed valuations thereof, are shown below. The more property (by assessed value) which is owned by a single taxpayer, the greater the amount of tax collections that are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT Largest 2024-25 Local Secured Taxpayers

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2024-25 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1. Farmland Reserve Inc.	Agricultural	\$ 122,442,308	0.39%
2. Violich Farms Inc.	Agricultural	88,019,520	0.28
3. Johns Manville International Inc.	Industrial	71,405,775	0.23
4. Merle A. Webb & Sons	Apartments	69,544,412	0.22
5. Pacific Realty Associates LP	Agricultural	64,057,795	0.21
6. MP Core Chico LLC	Apartments	58,817,702	0.19
7. California Olive Ranch Inc.	Agricultural	58,116,505	0.19
8. Butte County Rice Growers Association	Industrial	56,504,214	0.18
9. Amcal Chico LLC	Apartments	56,190,000	0.18
10. Las Nogaleras LP	Agricultural	56,059,262	0.18
11. Wal Mart Real Estate Business Trust	Commercial	53,501,254	0.17
12. FAE Holdings 490733R LLC	Apartments	53,236,444	0.17
13. Pacific Coast Producers	Industrial	51,894,296	0.17
14. California Water Service Co.	Water Company	50,559,650	0.16
15. The MP Blocks LLC	Apartments	48,140,825	0.16
16. Chico Crossroads LP	Shopping Center	45,549,491	0.15
17. ADS III Creekside LLC	Apartments	39,198,389	0.13
18. Farmers International Inc.	Industrial	37,526,083	0.12
19. EGP Chico LLC	Hospital	35,468,442	0.11
20. Chico Senior Living LP	Assisted Living	34,246,744	0.11
		<u>\$1,150,479,111</u>	<u>3.71%</u>

(1) 2024-25 local secured assessed valuation: \$31,031,082,875.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below are direct and overlapping debt reports (the “**Debt Reports**”) prepared by California Municipal Statistics, Inc. for debt issued as of _____, 2025 in the District. The Debt Reports are included for general information purposes only. The District has not reviewed the Debt Reports for completeness or accuracy and make no representation in connection therewith.

The Debt Reports generally include 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.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT Statement of Direct and Overlapping Bonded Debt (Debt Issued as of _____, 2025)

[to come]

(1) Excludes the Bonds offered hereunder.

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

Source: *California Municipal Statistics, Inc.*

TAX MATTERS

Tax Exemption

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

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

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

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

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

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

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

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

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

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

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

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

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District, including as a result of the COVID-19 pandemic or Assembly Bill 218. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. The District cannot predict what types of claims may arise in the future.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Isom Advisors, a Division of Urban Futures, Inc., as municipal advisor to the District, and Kutak Rock LLP, as counsel to the Underwriter, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as APPENDIX E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds, to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an “**Annual Report**”), not later than nine months after the end of the District’s fiscal year, commencing March 31, 2026, with the report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “**Rule**”).

The District has prior undertakings pursuant to the Rule. In the previous five years, _____. The District has engaged Isom Advisors, a Division of Urban Futures, Inc. to serve as its dissemination agent with respect to its undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Bonds. Neither the Counties nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District’s duties regarding continuing disclosure.

RATING

Moody’s Investors Services (“**Moody’s**”) has assigned a rating of “___” to the Bonds. Such rating reflects only the views of Moody’s and an explanation of the significance of such rating may be obtained only from Moody’s. The District has provided certain additional information and materials to Moody’s (some of which does not appear in this Official Statement because it has been considered not material to making an investment decision in the Bonds). There is no assurance that such rating will continue for any given period of time or that the rating 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 a rating may have an adverse effect on the market price of the Bonds.

The District has covenanted in the Continuing Disclosure Certificate to file on EMMA notices of any ratings changes on the Bonds. See “APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agency 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 Moody’s and its website 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 RBC Capital Markets, LLC (the “**Underwriter**”) pursuant to a bond purchase agreement. The Underwriter has agreed to purchase the Bonds at a price of \$_____ which is equal to the aggregate principal amount of the Bonds of \$_____, [plus][less] [net] original issue [premium][discount] of \$_____ less an Underwriter’s discount of \$_____.

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

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

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

**BUTTE-GLENN COMMUNITY COLLEGE
DISTRICT**

By: _____
Vice President, Administrative Services

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

GENERAL DISTRICT INFORMATION

Introduction

The District is located in Butte County (the "**County**") and Glenn County (together with the County, the "**Counties**"), in the State of California (the "**State**"). 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 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 2024-25, the District has a funded full-time equivalent students ("**FTES**") count of approximately 9,000.

District Governance and Administration

The District is governed by a seven-member Board of Trustees (the "**Board**"), each member of which is elected, by trustee area, 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>
William McGinnis	President	December 2028
John Blacklock	Vice President	December 2026
John Nock	Clerk	December 2026
Michael Boeger	Member	December 2026
John Dahlmeier	Member	December 2028
Rick Krepelka	Member	December 2028
Eugene Massa	Member	December 2028

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, Administrative Services follow:

Virginia L. Guleff, Superintendent/President. Ms. Guleff was appointed by the Board as Superintendent/President on April 13, 2022. Prior to being appointed as the Superintendent/President Ms. Guleff served the District as the Vice President of Instruction and Accreditation, a position she had held since 2017. Ms. Guleff's other prior positions include serving as Dean of Career and Technical Education and Vice President of Education and Student Services at Mendocino-Lake Community College District and Vice President of Instruction at Solano Community College District. Ms. Guleff has also served California community colleges as a tutor, classified employee, faculty member and department chair. Ms. Guleff received a Bachelor of Arts degree in linguistics from San Jose State University and a Master of Arts degree in linguistics from San Diego State University.

Jessica Snelling, Vice President, Administrative Services. [Brief Bio to come]

Robert Parker, Director of Fiscal Services. [Brief bio to come]

Accreditation

The District currently operates one community college, Butte College, that is accredited by the ACCJC, a division of the Western Association of Schools and Colleges. Accreditation by the ACCJC is voluntary and designed to evaluate and enforce standards of educational quality and institutional effectiveness. Accreditation is also a form of peer review. ACCJC standards and criteria are developed and implemented by representatives from the member institutions. Accreditation is granted for an unlimited period of time, with a standard provision for an institutional self-study every seven years, along with review and visitation by the Accreditation Commission. Accreditation is granted on the basis of demonstrated evidence that the institution is fulfilling its stated goals and objectives through qualified personnel, sound planning, appropriate programs and services, and adequate resources. The ACCJC is not a governmental agency and has no direct authority over the District's operations.

The accreditation review process includes opportunity for submission of third-party comments. ACCJC accepts comments related to an institution's compliance with eligibility requirements, accreditation standards, and commission policies at any time. Third-party comments associated with the self-evaluation review cycle must be received by the ACCJC no later than five weeks before scheduled commission consideration.

Employee Relations

The District currently employs ___ full-time faculty, ___ classified and confidential employees and ___ managerial employees. District employees, except supervisors, management and some part-time employees, are represented by four bargaining units as noted in the table below:

BARGAINING UNITS Butte-Glenn Community College District

<u>Labor Organization</u>	<u>Current Contract Expiration Date</u>
Butte College Education Association, CTA/NEA ⁽¹⁾	June 30, 2027
Part-time Faculty Association ⁽²⁾	June 30, 2025
California School Employee Association ⁽³⁾	June 30, 2025
Butte College Police Officers Association ⁽⁴⁾	June 30, 2025

- (1) Represents full time faculty.
 (2) Represents part time associate faculty.
 (3) Represents classified employees.
 (4) Represents college police officers.
 Source: Butte-Glenn Community College District.

Managers, supervisors, and confidential employees (“MSC”) are not represented by a bargaining unit and therefore do not negotiate. MSC employees may join the Management Association, which has a “meet and consult” relationship with the District.

Recent Enrollment Trends

The following table shows enrollment history for the District, with projected figures for fiscal year 2024-25.

RESIDENT FULL TIME EQUIVALENT STUDENTS⁽¹⁾ Fiscal Years 2017-18 through 2024-25 Butte-Glenn Community College District

Fiscal Year	Actual FTES	Funded FTES ⁽²⁾	Unfunded FTES
2017-18	10,383	10,383	--
2018-19	9,412	10,383 ⁽³⁾	--
2019-20	8,833	10,383 ⁽³⁾	--
2020-21	7,352	10,383 ⁽³⁾	--
2021-22	7,309	10,383 ⁽³⁾	--
2022-23	7,772	10,383 ⁽³⁾	--
2023-24	8,468	10,383 ⁽³⁾	--
2024-25 ⁽⁴⁾	9,000	10,383 ⁽³⁾	--

(1). One 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. Reflects resident FTES counts only. Non-resident FTES are generally excluded from State funding formula calculations.

(2). Previously, the State established an enrollment cap on the maximum number of FTES, known as the “funded” FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district’s enrollment cap is based on the previous fiscal year’s reported FTES, plus the growth allowance provide for by the State budget, if any. All student hours in excess of the enrollment cap are considered “unfunded” FTES.

(3) As result of the hold-harmless provisions of the SCFF, as extended by State budgetary legislation, the District continues to be funded at its FTES for fiscal year 2017-18. The hold-harmless is currently set to expire in fiscal year 2024-25.

(4). Projected.

Source: Butte-Glenn Community College District.

DISTRICT FINANCIAL INFORMATION

Funding of Community College Districts in California

Major Revenues. California community college districts receive, on average, approximately 52% of their funds from the State's general fund, approximately 44% from local sources being the District's share of the county-wide property tax and revenues derived from District operations such as student fees and sales, and approximately 4% from federal sources in the form of grants and transfers. State funds include general apportionment, categorical funds, capital construction, the lottery, and other minor sources. Local sources include property taxes, student fees, and miscellaneous sources. Because such a large portion of a community college district's funding is derived from State sources, increases or decreases in State revenues or in State legislative appropriations made to fund higher education may significantly affect the District's revenues and operations. See information herein regarding the State budget under the caption "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

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

Under SB 361, commencing with fiscal year 2006-07, minimum funding per FTES was: (a) not less than \$4,367 per credit FTES; (b) a uniform rate of \$2,626 per noncredit FTES; and (c) \$3,092 per FTES for the instructional category known as "career development and college preparation," all subject to cost of living adjustments funded through State budgeting legislation in each fiscal year, if any. Due to the formula for determining FTES, the number of FTES in a district may not necessarily equal the number of students enrolled in the district. Nonresident and international students are excluded from the State funding formula and pay full tuition.

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

New Student-Centered Funding Formula (SCFF). The 2018-19 State Budget, signed by Governor Jerry Brown on June 27, 2018, created a new Student-Centered Funding Formula for general purpose apportionments, initially implemented over three years. The new formula allocates funding to community college districts based upon FTES, as well as additional factors. The three calculations in the formula are:

- (1) a **base allocation** consistent with the SB 361 formula described above (the "**Base Allocation**");
- (2) a **supplemental allocation** based on the number of students who receive a California Promise Grant, Pell Grant or are non-resident students that qualify for in-state tuition; and

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

The Base Allocation generally constitutes approximately 60% of statewide funding, the supplemental allocation approximately 20% of statewide funding, and the student success allocation since fiscal year 2020-21 has been adjusted based on COLAs provided by State budgetary legislation. The distribution of funds across the three allocation groups under SCFF may vary by district.

Hold Harmless Provision. During the three years of implementation, no community college district will receive less funding than it received in 2017-18, and each district will receive an increase to reflect a cost-of-living adjustment. The formula includes a "stability" provision that delays any decrease in revenue by one year. The hold harmless provision has been extended by two years, through fiscal year 2024-25, and districts will receive at least their fiscal year 2017-18 funding, with a cost-of-living adjustment each year.

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

District Reserves. The California Community College Chancellor's Office (the "**State Chancellor**") recommends a prudent general fund unrestricted reserve of at least 16.67% of expenditures. The District maintains an unrestricted reserve which meets the State's minimum requirements.

Other Funding Sources: Local Revenues

A major local revenue source is local property taxes that are collected from within District boundaries. Student enrollment fees generally account for the remainder of local revenues.

Both property taxes and student enrollment fees are applied towards the District's financial needs. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the district. The sum of the property taxes, student enrollment fees, and State aid generally comprise the district's revenue limit. Formerly known as "Basic Aid," a community-supported community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. As a community-supported district, a district does not receive any funds from the State appropriation, however, it does receive funds from the State for categorical and grant programs restricted to a special population or for certain purposes such as disabled students or instructional equipment, as well as unrestricted State aid for financial aid administration and part-time faculty costs. Under the SB 361 formula and the new Student-Focused Funding Formula, districts are allowed to keep the excess funds without penalty. The implication for community-supported is that the legislatively determined annual cost of living adjustment 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 determinant factors. The District is not a community-supported district.

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 and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The Budget Process of Community College Districts

Districts prepare a preliminary budget by June 30 of each year for the upcoming fiscal year commencing July 1. By September 15 of the budget year, the Board of Trustees of districts are required to formally adopt a revised budget and deliver it to the State Chancellor not later than October 10, pursuant to Title V, Section 58305 of the California Code of Regulations. Once adopted, the budget may be amended throughout the fiscal year as the District's financial circumstances change.

State law grants to the Board of Governors and to the State Chancellor certain oversight with respect to the budget development process and financial reporting of community college districts. Pursuant to the California Education Code (Section 84040 et seq.) and the California Code of Regulations (Title V, Section 58310 et seq.), the chief executive officer or other designee of the governing board of each community college district is required to regularly report the financial condition of such community college district to the governing board thereof. In addition, the chief executive officer or other designee is required to submit reports showing the financial and budgetary conditions of its community college district, including outstanding obligations, to the governing board at least once every three months. Each community college district is also required to submit a copy of a certified quarterly report to the appropriate county office of education and the State Chancellor no later than forty-five days following the completion of such quarter. The State Chancellor is required to develop and maintain procedures for the administration of fiscal monitoring of community colleges districts pursuant to the California Education Code Section 84040 et seq.

In the event that a community college district's financial data indicates to the State Chancellor a high probability that, absent corrective actions, the district will need an emergency apportionment within three years or that the district is not in compliance with the principles of sound fiscal management as set forth in the California Code of Regulations, the State Chancellor has the authority to further intervene in the affairs of the district. The State Chancellor may, among other things, require additional reports from a community college district, require such community college district to respond to specific concerns or direct the community college district to adopt a detailed plan for fiscal stability and an educational plan which shows the impact of the fiscal plan on such community college district's educational program.

The California Code of Regulations grants the State Chancellor the authority to take certain actions if the State Chancellor determines that a community college district's plans are inadequate to solve the financial problems or to implement the principles of sound fiscal management, such community college district substantially fails to implement the plans, or if a college operated by such community college district is in imminent jeopardy of losing its accreditation which would create severe fiscal problems. The State Chancellor may, among other thing, (i) conduct a comprehensive management review of a community college district and its educational programs and an audit of the financial condition of such community college district; (ii) direct a community college district to amend and readopt the fiscal and educational plans based on the findings of the comprehensive audits; (iii) review and monitor the implementation of

the plans and direct a community college district to make any further modifications to the fiscal and educational plans he or she deems necessary for such community college district's achievement of fiscal stability; (iv) appoint or assign a special trustee (a "**Special Trustee**"). The Special Trustee, if appointed, may review and monitor plans, reports, and other financial material, and may modify the fiscal and educational plans, review and prioritize expenditures in order to further the community college district's achievement of fiscal stability, approve or disapprove actions of such community college district which affect or relate to the implementation of the fiscal and educational plans. The Special Trustee may assume management and control of a community college district if authorized by the Board of Governors based on the recommendation of the State Chancellor. The State Chancellor may authorize the Special Trustee to exercise such powers as are approved by the Board of Governors for a period of no more than one year, unless the Board of Governors approves one or more one-year extensions.

In the event the State Chancellor deems that the aforementioned procedures have not stabilized the financial condition of a community college district, the State Chancellor may seek an appropriation for an emergency apportionment to be repaid over a period of three years. However, the State Chancellor is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds, such as the Bonds.

In the event the State elects to provide an emergency appropriation to a community college district, such appropriation may be accomplished through the issuance of "State School Fund Apportionment Lease Revenue Bonds" to be issued by the California Infrastructure and Economic Development Bank, on behalf of the community college district. State law provides that so long as such bonds are outstanding, the recipient community college district cannot file for bankruptcy.

District Accounting Practices

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been prepared using the economic focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant interfund transactions are eliminated. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Budget and Accounting Manual issued by the Chancellor's Office of the California Community College. For more information on the District's accounting policies, see Note 1 of "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023-24" attached hereto.

The District's Audited Financial Statements for fiscal year 2023-24 were prepared by CWDL, Certified Public Accountants, San Diego, California and are attached as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Chancellor's Office.

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

Revenues, Expenditures and Changes in Fund Net Position. The following table sets forth a summary of the District's audited financial results for the fiscal years 2020-21 through 2023-24 and the District's adopted budgets for the fiscal years 2020-21 through 2024-25. The District's adopted budget for fiscal year 2024-25 was approved by the Board on September 11, 2024.

	2020-21		2021-22		2022-23		2023-24		2024-25
	<u>Budgeted</u>	<u>Actuals</u>	<u>Budgeted</u>	<u>Actuals</u>	<u>Budgeted</u>	<u>Actuals</u>	<u>Budgeted</u>	<u>Actuals</u>	<u>Budget⁽¹⁾</u>
REVENUES:									
Federal	\$8,167,591	\$8,321,664	\$28,075,856	\$13,660,462	\$16,347,513	\$14,380,180	7,345,021	6,244,364	4,001,140
State	118,081,524	147,042,589	141,091,560	155,811,108	216,134,572	197,856,969	213,612,926	194,580,221	193,653,929
Local	25,818,650	26,202,483	27,471,592	30,230,861	28,838,795	32,977,030	30,667,434	32,834,325	34,937,178
Total Revenues	<u>152,067,765</u>	<u>181,566,736</u>	<u>196,639,008</u>	<u>199,702,431</u>	<u>261,320,880</u>	<u>245,214,179</u>	<u>251,625,381</u>	<u>233,658,910</u>	<u>232,592,247</u>
EXPENDITURES:									
Academic Salaries	32,415,143	33,031,789	33,875,947	34,648,433	35,726,485	36,748,621	38,667,790	41,094,487	39,525,629
Classified Salaries	26,972,868	26,183,357	29,404,279	28,620,466	31,318,534	31,588,122	36,224,742	36,773,619	37,387,129
Employee Benefits	30,473,632	26,594,852	33,009,660	28,329,737	34,188,371	30,490,335	38,054,383	34,566,961	39,915,887
Supplies and Materials	3,488,523	2,111,819	3,954,404	2,328,260	12,186,265	2,953,416	4,885,317	2,884,683	3,381,717
Other Operating Expenses and Services	53,957,568	75,103,663	80,567,600	74,511,688	119,138,614	100,294,931	106,505,130	77,642,379	97,977,198
Capital Outlay	1,148,119	4,455,018	1,764,086	6,359,574	2,422,519	13,416,019	4,960,864	9,086,833	1,616,432
Total Expenditures	<u>148,455,853</u>	<u>167,480,498</u>	<u>182,575,976</u>	<u>174,798,158</u>	<u>234,980,788</u>	<u>215,491,444</u>	<u>229,298,226</u>	<u>202,048,962</u>	<u>219,803,992</u>
Excess (Deficiency)	3,611,912	14,086,238	14,063,032	24,904,273	26,340,092	29,722,735	22,327,155	31,609,948	12,788,255
Other Financing Sources	3,928,991	2,508,238	2,890,662	868,144	3,513,597	2,312,697	9,345,197	8,620,739	3,487,855
Other Outgo	9,342,489	9,523,021	14,392,953	26,191,594	22,650,489	26,557,256	26,197,231	32,933,167	15,119,271
Net Increase/(Decrease) in Fund Balance	(1,801,586)	7,071,455	2,560,741	(419,177)	7,203,200	5,478,176	5,475,121	7,297,520	1,156,839
Beginning Fund Balance July 1	26,875,637	26,875,637	33,947,097	33,947,097	33,527,920	33,527,920	39,006,096	39,006,096	46,303,616
Prior Year Adjustments	--	5	--	--	--	--	--	--	--
Adjusted Beginning Balance	--	26,875,642	--	--	--	--	--	--	--
Ending Fund Balance June 30	\$25,074,051	\$33,947,097	\$36,507,838	\$33,527,920	\$40,731,120	\$39,006,096	\$44,481,217	\$46,303,616	\$47,460,455
ENDING FUND BAL. As % of Expenditures	16.89%	20.27%	20.00%	19.18%	17.33%	18.10%	19.40%	22.92%	21.59%

(1) The 2024-25 budget was adopted by the Board of Trustees on September 11, 2024.

Source: California Community College State Chancellor's Office CCFS -311 Reports and the Butte-Glenn Community College District.

Comparative Financial Statements. The table below reflects the District's audited revenues, expenses and changes in net position for its governmental funds, from fiscal years 2019-20 through 2023-24.

	Audited 2019-20	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24
Operating Revenues					
Tuition and fees	\$12,359,034	\$11,444,481	\$12,020,724	\$12,284,999	\$13,108,946
Less: scholarship discount and allowance	(6,052,603)	(5,435,311)	(5,672,441)	(5,775,914)	(6,608,078)
Net tuition and fees	6,306,431	6,009,170	6,348,283	6,509,085	6,500,868
Grants and contracts-non-capital:					
Federal	4,114,829	15,241,625	27,568,232	14,578,955	6,283,087
State	82,861,626	109,343,426	118,629,201	142,428,174	114,763,569
Local	1,782,127	1,980,428	4,261,612	3,782,281	1,203,297
Auxiliary enterprise sales and charges	1,704,549	343,789	931,520	1,406,063	1,691,428
Total Operating Revenues	96,769,562	132,918,438	157,738,848	168,704,558	130,442,249
Operating Expense					
Salaries	61,920,393	60,089,951	64,404,532	69,643,159	79,275,593
Employee Benefits	36,291,176	36,153,310	20,163,741	25,601,480	34,869,012
Supplies, materials, and other operating expenses and services	65,681,570	78,215,933	68,121,501	73,160,203	118,603,392
Student aid	28,507,833	27,396,809	36,529,846	26,533,950	33,518,642
Depreciation	5,977,764	6,194,223	7,943,612	8,299,091	10,234,122
Total Operating Expenses	198,378,736	208,050,226	197,163,232	203,237,883	276,500,761
Operating Income (Loss)	(101,609,174)	(75,131,788)	(39,424,384)	(34,533,325)	(146,058,512)
Non-Operating Revenues (Expenses)					
State apportionments – non-capital	44,510,650	32,619,652	31,473,930	49,420,142	62,279,735
Local property taxes	18,890,666	19,434,889	21,492,564	26,862,292	28,870,363
State taxes and other revenues	14,938,306	13,063,437	14,626,298	15,678,114	29,644,099
Investment income	2,647,754	1,362,364	(5,647,998)	3,700,082	12,233,536
Investment expense	10,940,452)	(24,575,138)	(6,466,279)	(18,972,466)	(16,331,769)
Financial aid revenues - federal	21,381,698	15,588,688	15,889,396	17,228,691	21,376,045
Financial aid revenues - state	--	--	--	--	--
Financial aid expenses/disbursements to students	--	--	--	--	--
Gain (loss) on disposal of asset	145,690	(8,029)	(169,220)	(19,730)	(4,673)
Other non-operating revenues	2,810,775	2,806,740	(9,389,561)	6,559,581	6,428,931
Total Non-Operating Revenues (Expenses)	94,385,087	60,292,503	61,809,130	100,456,706	144,496,267
Income (Loss) Before Other Revenues (Expenses)	(7,224,087)	(14,839,285)	22,384,746	65,923,381	(1,562,245)
Local property taxes-capital	6,910,391	16,458,699	9,897,017	6,604,631	8,086,583
Investment income - capital	--	--	--	--	--
State apportionments - capital	68,361	63,684	43,463	38,603	42,589
Total Other Revenue (Expenses)	6,978,752	16,522,383	9,940,480	6,643,234	8,129,172
Change in Net Position	(245,335)	1,683,098	32,325,226	72,566,615	6,566,927
Net Position – Beginning of Year	115,035,258	114,789,923	117,021,358	144,476,273	217,042,888
Adjustment for Restatement	--	548,337*	(4,870,311)**	--	--
Net Position – End of Year	114,789,923	\$117,021,358	144,476,273	\$217,042,888	\$223,609,815

*Restatement reflects the implementation of GASB Statement 84, relating to fiduciary activities.

**Restatement reflects the implementation of GASB Statement 87, relating to leases.

Source: Butte-Glenn Community College District Audited Financial Statements.

District Retirement Systems

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

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. The plan is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. The benefit provisions and contribution amounts are established by State laws, as amended from time to time.

Prior to fiscal year 2014-15, contribution rates were constant and not subject to annual variations. K-14 school districts were required by statute to contribute 8.25% of eligible salary expenditures, and participants contributed 8% of their respective salaries. In September 2013, however, STRS projected that the plan would be depleted in 31 years if existing contribution rates continued and other actuarial assumptions were realized, largely due to significant investment losses.

Assembly Bill 1469 was adopted as part of the State's fiscal year 2014-15 budget ("**AB 1469**"), aimed at fully funding the unfunded actuarial obligation of STRS with respect to service credited to member of STRS prior to July 1, 2014, within 32 years, by increasing contribution rates of members, K-14 school district employers, and the State. Under AB 1469, employer contributions were proposed to steadily increase over seven years. However, several modifications to the schedule were undertaken in connection with State budgets. Contribution rates for the past several years are summarized pursuant to the following schedule:

STRS EMPLOYER CONTRIBUTION RATES Effective Dates of July 1, 2020 through July 1, 2024

Effective Date	Employer Contribution Rate
July 1, 2020	16.15%
July 1, 2021	16.92
July 1, 2022	19.10
July 1, 2023	19.10
July 1, 2024	19.10

Source: STRS

The State also continues to contribute to STRS, and its contribution rate in fiscal year 2024-25 is 8.328%.

The District's recent contributions to STRS including the current budgeted fiscal year are set forth in the following table. These contributions represent 100% of the required contribution for each year.

**HISTORICAL STRS CONTRIBUTIONS
Butte-Glenn Community College District
Fiscal Years 2019-20 through 2024-25**

Fiscal Year	Contribution
2019-20	\$2,007,603
2020-21	3,902,891
2021-22	4,236,347
2022-23	4,706,012
2023-24	5,534,719
2024-25*	[to come]

*Budgeted.

Source: *Butte-Glenn Community College District.*

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$86.6 billion as of June 30, 2023, which is the date of the last actuarial valuation.

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

Like the STRS program, PERS has experienced an unfunded liability in recent years. To address this issue, the PERS board has taken a number of actions, including changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates and adopting changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy incrementally lowering its discount rate (its assumed rate of investment return) in years of good investment returns, to help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. SB 90, and Assembly Bill 84/Senate Bill 111 (“**AB 84**”) of June 2020, directed contributions of \$430 million and \$330 million in satisfaction of portions of employer contribution rates in fiscal years 2020-21 and 2021-22, respectively. Recent employer contribution rates are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2024-25⁽¹⁾**

Fiscal Year	Employer Contribution Rate ⁽¹⁾
2019-20	19.721%
2020-21	20.700
2021-22	22.910
2022-23	25.370
2023-24	26.680
2024-25	27.050

(1) Expressed as a percentage of covered payroll.
Source: PERS

The District’s employer contributions to PERS for recent fiscal years are set forth in the following table.

**HISTORICAL PERS CONTRIBUTIONS
Butte-Glenn Community College District
Fiscal Years 2019-20 through 2024-25**

Fiscal Year	Contribution
2019-20	\$4,935,194
2020-21	5,260,629
2021-22	6,400,231
2022-23	7,547,546
2023-24	9,133,275
2024-25*	[to come]

*Budgeted.
Source: Butte-Glenn Community College District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$40.6 billion as of June 30, 2023, which is the date of the last actuarial valuation.

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

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

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

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

Additional information regarding the District's retirement programs is available in Note 9 of the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Healthcare Benefits

Plan Description. The District provides certain postemployment health care benefits ("OPEB") for eligible retired employees and their dependents, who have retired from service with the District and in accordance with negotiated contracts with the various bargaining units of the District.

The District provides benefits through the Butte-Glenn Community College District Health Plan (the "**Plan**"), a single employer defined benefit healthcare plan administered by the District. The Plan does not issue a publicly available report. As of June 30, 2024, the District has 539 active employees eligible for benefits, and 182 retirees currently receiving benefits.

Contributions. The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and

the bargaining units. The District had a net OPEB asset of \$11,542,056 and \$8,830,106 for the years ended June 30, 2024 and 2023, respectively.

Actuarial Assumptions and Other Inputs. The District’s net OPEB asset of \$(11,542,056) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of the same date. The actuary used an inflation rate of 2.50%, payroll increases of 2.75%, an investment rate of return of 6.25%, and healthcare cost trend rates for medical is 4.0%. The discount rate was based on the assumed long-term return on employer assets. Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2024, are shown in the following table:

CHANGES IN NET OPEB LIABILITY
Butte-Glenn Community College District
As of June 30, 2024

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2023	\$26,429,912	\$35,260,018	\$(8,830,106)
Service cost	752,668	--	752,668
Interest	1,616,693	--	1,616,693
Actual benefit payments from Trust	(1,467,088)	(1,467,088)	--
Experience (gains)/losses	(2,986,735)	--	(2,986,735)
Changes of assumptions	(461,913)	--	(461,913)
Expected investment income	--	2,157,592	(2,157,592)
Investment gains/losses	--	(926,134)	926,134
Administrative expenses	--	(10,014)	10,014
Expected benefit payments	(411,219)	--	(411,219)
Net changes	(2,957,594)	(245,644)	(2,711,950)
Balance at June 30, 2024	<u>\$23,472,318</u>	<u>\$35,014,374</u>	<u>\$(11,542,056)</u>

Source: Butte-Glenn Community College District.

For the year ended June 30, 2024, the District recognized OPEB expense/(benefit) of \$(37,814).

For more information regarding the District’s OPEB, the Trust investments and investment policy, and assumptions used in its most recent actuarial study, see Note 8 of APPENDIX B to the Official Statement.

District Insurance

The District is a member of the Northern California Community Colleges Self-Insurance Authority (“NCCCSIA”), a joint powers authority (“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 its liability and property exposures through the Statewide Association of Community Colleges JPA and Schools Association for Excess Risk and its workers’ compensation exposures through the Protected Insurance Program for Schools and Community Colleges JPA.

The District participates in a health insurance benefits program organized by the Butte Schools Self-Funded Program (“**BSSP**”), a JPA created to provide self-insurance programs for school districts. BSSP limits health benefit costs by contracting with Self-Insured Schools of California, which is the largest school-focused purchasing pool in California.

The JPA’s are independently accountable for their fiscal matters, and as such, are not component units of the District for financial reporting purposes.

See also “APPENDIX B – AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023-24 – Note 10” attached hereto.

Disclaimer Regarding Cyber Risks

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District’s systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District’s current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of *ad valorem* property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the District and the owners of the Refunding Bonds, including the possibility of impacting the timely payments of debt service on the Refunding Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

Existing Debt Obligations

Long-Term Debt. The District's long-term debt summary, as of June 30, 2024 and as presented in the District's most recent audited financial statement, consisted of the following:

SUMMARY OF LONG-TERM DEBT Butte-Glenn Community College District as of June 30, 2024

Long-term Debt:	Beginning Balance July 1, 2023	Additions	Deductions	Ending Balance June 30, 2024
General obligation bonds	\$171,896,088	\$3 31,979	\$6,715,000	\$165,513,067
Premium on bonds	12,456,303	--	1,225,411	11,230,892
Lease liability	5,706,557	3,865,173	2,131,789	7,439,941
California Energy Conservation loan	56,650	--	56,650	--
Compensated absences	4,859,782	--	1,406,524	3,453,258
Total	\$194,975,380	\$4,197,152	\$11,535,374	\$187,637,158

Source: Butte-Glenn Community College District.

General Obligation Bonds. The following table summarizes the outstanding general obligation bond indebtedness of the District (not including the Bonds described in this Official Statement).

SUMMARY OF OUTSTANDING GENERAL OBLIGATION BONDED DEBT Butte-Glenn Community College District

Name of Bond Issue	Issuance Date	Principal Outstanding ⁽¹⁾
Election of 2002, Series A	06/06/2002	\$434,445
Election of 2002, Series B	07/18/2005	1,368,634
2015 Refunding Bonds	02/05/2015	10,435,000
Election of 2016, Series A	04/06/2017	33,230,000
2017 Refunding Bonds	12/20/2017	15,800,000
Election of 2016, Series B	07/11/2019	42,575,000
Election of 2016, Series C	06/16/2022	45,650,000
2022 Refunding Bonds	06/16/2022	4,520,000
TOTAL		\$154,013,079

(1) As of August 1, 2025.

Source: Butte-Glenn Community College District.

Leases. The District has entered into agreements to lease certain equipment and buildings. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate%	Lease Terms	Average Annual Lease Payment
Equipment	3	4.00%	7/10/2017 - 7/10/2027	\$60,459
Buildings	2	4.00	11/1/2021 - 11/1/2026	1,150,580
Software	10	2.36	1/7/2023 - 30/6/2028	96,234

Source: Butte-Glenn Community College District.

Future minimum lease payments on leased equipment and buildings at June 30, 2024 are as follows:

EQUIPMENT AND BUILDING LEASE PAYMENTS
Butte-Glenn Community College District

Year Ending June 30,	Principal	Interest	Total
2025	\$1,288,734	\$239,376	\$1,528,109
2026	1,297,535	164,617	1,462,151
2027	1,307,720	88,862	1,396,581
2028	563,302	16,427	579,730
TOTAL	\$4,457,291	\$509,282	\$4,966,571

Source: Butte-Glenn Community College District.

Future minimum lease payments on leased software at June 30, 2024 are as follows:

SOFTWARE LEASE PAYMENTS
Butte-Glenn Community College District

Year Ending June 30,	Principal	Interest	Total
2025	\$815,621	39,186	854,807
2026	700,415	21,178	721,593
2027	590,683	5,970	596,653
TOTAL	\$2,106,719	\$66,334	\$2,173,053

Source: Butte-Glenn Community College District.

Compensated Absences. Compensated absences refer to accumulated unpaid employee vacation benefits that are accrued as a liability as the benefits are earned. At June 30, 2024 and 2023, the balances outstanding were \$3,453,258 and \$4,859,782, respectively.

Investment of District Funds

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

The information in this section concerning the State's budget or budgets has been compiled from publicly-available information provided by the State or the Legislative Analyst's Office (the "LAO"). Neither the District, the Underwriter nor the County is responsible for the information provided in this section.

State Budgeting for Education Generally

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

The Budget Process

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each house of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Available Public Resources

Certain information about the State budgeting process and the State budget is available through several State sources. Convenient sources of information include:

- www.treasurer.ca.gov: The California State Treasurer internet home page, under the link to “Bond Finance” and sub-heading “-Public Finance Division”, includes links to recent State official statements and various State financial documents which includes information regarding State budgets and finances.
- www.dof.ca.gov: The California Department of Finance’s (the “**DOF**”) internet home page, under the link to “California Budget”, includes the text of proposed and adopted State Budgets.
- www.lao.ca.gov: The LAO’s internet home page includes a link to “-The Budget” which includes analyses and commentary on fiscal outlooks.

The above references to internet websites shown are shown for reference and convenience only. The information contained within the websites may include outdated information and has not been reviewed for accuracy by the District or the Underwriter. Such information is not incorporated herein by reference.

The 2024-25 State Budget

On June 26, 2024, the State Governor signed the fiscal year 2024-25 budget (the “**2024-25 State Budget**”). In addressing a \$46.8 billion deficit, the 2024-25 State Budget maintains multiyear fiscal structure providing positive balances in the State’s operating reserve, the Special Fund for Economic Uncertainties (“**SFEU**”), not only in the 2024-25 fiscal year, but also for fiscal year 2025-26. The 2024-25 State Budget includes commitments to support future budget resilience with agreements for additional legislation requiring the State to set aside a portion of anticipated surplus funds to be allocated in a subsequent budget act and adding further fiscal protections so that the State does not commit certain amounts of future anticipated revenues until those revenues have been realized. The 2024-25 State Budget addresses the \$46.8 billion deficit through a mix of broad-based solutions, which includes, \$16.0 billion in reduced funding for various items (including a reduction of approximately \$500 million from the California Student Housing Revolving Loan Program and an ongoing reduction of \$110 million in middle-class scholarships beginning in fiscal year 2025-26), \$13.6 billion from additional revenue sources and internal borrowing from special funds, \$6.0 billion in withdrawals from reserves, \$6.0 billion in shifting certain expenditures from the General Fund to other funds, \$3.1 billion from delayed programs, and \$2.1 billion from payment deferrals.

The 2024-25 State Budget projects State general fund revenues in the amount of \$189.4 billion in fiscal year 2023-24 and \$212.1 billion in fiscal year 2024-25. State general fund expenditures for fiscal year 2024-25 are expected to be \$211.5 billion (a decrease of approximately \$11.6 billion from fiscal year 2023-24 general fund expenditures), of which \$81.3 billion (38.4 percent) is allocated to K-12 education and \$23.5 billion (11.1 percent) is allocated to higher education. The 2024-25 State Budget projects that the State will end fiscal year 2023-24 with a balance of approximately \$26.3 billion in budgetary reserves (comprised of approximately \$2.9 billion in the SFEU, \$900 million in the Safety Net Reserve and \$22.6 billion in the Budget Stabilization Account (the “**BSA**”). Further, the 2024-25 State Budget projects that the State will end fiscal year 2024-25 with an approximately \$22.2 billion reserve balance (comprised of approximately \$3.5 billion in the SFEU, \$1.1 billion in the PSSSA and \$17.6 billion in the BSA). In addition to the balance of \$3.5 billion in the SFEU in fiscal year 2024-25, the 2024-25 State Budget includes a positive SFEU in fiscal year 2025-26 of \$1.5 billion, putting the State on more solid fiscal footing by balancing the budget through the next two fiscal years.

The 2024-25 State Budget utilizes funds from the BSA, but does so over the next two fiscal years, assuming the use of approximately \$5.1 billion in fiscal year 2024-25 and approximately \$7.1 billion in fiscal year 2025-26. Spreading the use of the BSA over two fiscal years allows more of the structural budget issues to be addressed in fiscal year 2024-25 and provides greater budget resiliency. The 2024-25 State Budget maintains core programs serving millions of the State's most vulnerable populations, which includes funding the minimum Proposition 98 guarantee for education at \$115.3 billion (\$82.6 billion from the General Fund) for fiscal year 2024-25 for Pre-K-12 schools and community colleges.

The 2024-25 State Budget reflects a continued focus toward achieving the goals of the multiyear compacts with the University of California (“**UC**”), the California State University (“**CSU**”) and the California Community Colleges (“**CCC**”), which outline shared goals that include increasing access to the UC and CSU, improving student success while advancing equity, increasing the affordability of higher education, increasing intersegmental collaboration and supporting workforce preparedness and high-demand career pipelines.

The 2024-25 State Budget proposes total funding of \$44.6 billion (\$28.3 billion from the General Fund and local property tax and \$16.3 billion from other funds) for the higher education segments of education and the California Student Aid Commission in fiscal year 2024-25.

California Community Colleges. The 2024-25 State Budget includes the following significant adjustments for CCCs:

Base Adjustments:

Apportionments Cost-of-Living Adjustment and Growth — An increase of approximately \$100.2 million ongoing Proposition 98 General Fund to reflect a cost-of-living adjustment for apportionments of 1.07 percent, and an increase of approximately \$28.1 million ongoing Proposition 98 General Fund expenditures to support 0.5 percent enrollment growth.

Budget Year Student-Centered Funding Formula (“SCFF”) Apportionments — An increase of approximately \$22.1 million one-time Proposition 98 General Fund expenditures to support SCFF costs in fiscal year 2024-25.

Current Year SCFF Apportionments— An increase of approximately \$545.8 million one-time PSSSA expenditures to support SCFF costs for fiscal year 2023-24.

SCFF Deferrals — The 2024-25 State Budget reflects SCFF apportionment deferrals from fiscal year 2023-24 to fiscal year 2024-25 of approximately \$446.4 million and from fiscal year 2024-25 to fiscal year 2025-26 of approximately \$243.7 million. Additionally, the 2024- 25 State Budget reflects approximately \$241.8 million in categorical program deferrals from fiscal year 2022-23 to fiscal year 2023-24, with the deferred amounts being repaid using PSSSA resources; \$217.7 million of the repayment will be applied to support the SCFF for fiscal year 2023-24.

CCC Categorical Programs Cost of Living Adjustment (“COLA”) — An increase of \$13.1 million ongoing Proposition 98 General Fund expenditures to provide a 1.07 percent COLA for select categorical programs and the Adult Education Program.

Apprenticeships — A one-time increase of approximately \$1.1 million Proposition 98 General Fund expenditures to support prior years' apprenticeship program costs.

Local Property Tax Adjustment — A decrease of \$256.7 million ongoing Proposition 98 General Fund expenditures as a result of increased offsetting local property tax revenues.

Higher Education Student Housing — Establishes a statewide lease revenue bond program to support the construction of 13 community college affordable student housing facilities.

One-time and Limited-Term Investments:

Nursing Program Support — \$60 million one-time Proposition 98 General Fund expenditures per year for five years to support the CCC Strong Workforce Program to expand nursing programs and Bachelor of Science in Nursing partnerships to develop, educate, and maintain the next generation of registered nurses through the community college system.

Support for Financial Aid Offices — \$20 million one-time Proposition 98 General Fund expenditures to support campus financial aid offices.

E-Transcript California — \$12 million one-time Proposition 98 General Fund expenditures to support the continued development of e-Transcript California and to provide grants to districts to support local costs related to one-time connectivity, setup, and integration of the e-Transcript platform.

Mapping Articulated Pathways for Credit for Prior Learning — \$6 million one-time Proposition 98 General Fund to support a demonstration project that will embed credit for prior learning policies into educational pathways that provide support for working adults seeking to improve their economic mobility through community college educational programs.

Pathways for Low-Income Workers for Demonstration Project — \$5 million one-time Proposition 98 General Fund provided to support the CCC Strong Workforce Program shall be used for a demonstration project that would support the development of educational pathways for low-income working learners.

California Student Aid Commission. The California Student Aid Commission administers financial aid programs, primarily the Cal Grant program. The Cal Grant program is estimated to provide nearly 406,000 financial aid awards to students who meet specified eligibility criteria in fiscal year 2024- 25. The 2024-25 State Budget includes the following significant adjustments for the California Student Aid Commission:

Significant Adjustments:

Cal Grant Program Caseload Adjustments — Estimated Cal Grant expenditures of approximately \$2.2 billion in fiscal year 2022-23, \$2.3 billion in fiscal year 2023-24, and \$2.4 billion in fiscal year 2024-25 based on the latest estimates of enrollment of Cal Grant-eligible students.

Middle Class Scholarship Program — A one-time General Fund increase of \$289 million to support the Middle Class Scholarship program.

Golden State Teacher Grant Program — Support for the Golden State Teacher Grant program of \$110.2 million from the General Fund and \$1.5 million in federal funds. Additionally, the 2024- 25 State Budget includes statutory changes that are designed to sustain this Program through the 2024-25 fiscal year.

Learning Aligned Employment Program — Reversion of approximately \$485 million one-time from the General Fund provided to support the Learning Aligned Employment Program through the 2021 and 2022 State Budget Acts.

Proposed 2025-26 State Budget. On January 10, 2025, the Governor released the fiscal year 2025-26 proposed State budget (the “**Proposed 2025-26 State Budget**”), which reflects a stronger financial position than in recent years. The Proposed 2025-26 State Budget notes that although the budget framework from the 2024-25 State Budget represents significant progress on the budget shortfall in the past two years, the current fiscal outlook underscores the need for continued vigilance to strengthen budget resiliency and fiscal stability. The Proposed 2025-26 State Budget is balanced, and reflects support for initiatives in education, health care, housing, and homelessness, while enhancing economic development and supporting public safety.

The Proposed 2025-26 State Budget maintains the previously planned withdrawal of approximately \$7.1 billion from the State Rainy Day Fund. The Proposed 2025-26 State Budget predicts a total reserve balance of \$17.0 billion at the end of fiscal year 2025-26. This includes \$10.9 billion in the State Rainy Day Fund, \$4.5 billion in SFEU, and \$1.5 billion in the Proposition 98 Rainy Day Fund. To remove cap on deposits to the State Rainy Day Fund and increase budget resiliency, the Proposed 2025-26 State Budget proposes statutory changes to allow the State to make larger deposits into reserve accounts during stock market upswings, enhancing the State’s ability to protect vital programs and services during future downturns. Specifically, the Proposed 2025-26 Budget suggests increasing the mandatory deposit level in the State Rainy Day Fund from the current 10% to 20% of State general fund revenues and exempt deposits into the State Rainy Day Fund from the State’s appropriations limit. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII B of the California Constitution.”

The Proposed 2025-26 State Budget estimates total resources available in fiscal year 2024-25 of approximately \$258.4 billion, including revenues and transfers of approximately \$222.5 billion and a prior year balance of approximately \$35.9 billion, and total expenditures in fiscal year 2024-25 of approximately \$232.1 billion. The Proposed 2025-26 State Budget projects total resources available for fiscal year 2025-26 of approximately \$251.4 billion, inclusive of revenues and transfers of approximately \$225.1 billion and a prior year balance of approximately \$26.3 billion. The Proposed 2025-26 State Budget projects total expenditures in fiscal year 2025-26 of approximately \$228.9 billion, inclusive of non-Proposition 98 expenditures of approximately \$144.3 billion and Proposition 98 expenditures of approximately \$84.6 billion. The Proposed 2025-26 State Budget includes approximately \$34.9 billion in reserves in fiscal year 2025-26 and allocates reserves as follows: approximately \$10.9 billion in the State Rainy Day Fund for fiscal

emergencies, approximately \$1.5 billion in the Proposition 98 Rainy Day Fund, approximately \$18.0 billion in the Reserve for Liquidation and Encumbrances, and approximately \$4.5 billion in the SFEU.

As part of a plan to make it easier for Californians to receive college credit both in high school and in recognition of their real-world experience and create more pathways to in-demand careers in the State, the Proposed 2025-26 State Budget proposes including dual enrollment and pathways programs as allowable expenditures for funds allocated through the \$1.8 billion Student Support and Discretionary Block Grant and includes an increase of \$3.0 million in ongoing Proposition 98 general fund support to the California College Guidance Initiative and the Cradle-to-Career Data System. The Proposed 2025-26 State Budget also proposes to direct the Department of Education to examine feasibility of streamlining applications for TK-12 career technical programs into a single consolidated application.

California Community Colleges. The Proposed 2025-26 State Budget includes the following significant adjustments for CCCs:

CCC Apportionments — \$230.4 million ongoing Proposition 98 General Fund to provide a 2.43% COLA adjustment for SCFF apportionments and \$30.4 million ongoing Proposition 98 General Fund for 0.5% enrollment growth.

Statewide Technology Transformation — \$168 million one-time Proposition 98 General Fund for the completion of the Statewide Technology Transformation project, to standardize and streamline data collection across the community college system and achieve efficiencies and benefits for the system as a whole.

Statewide Common Data Platform — \$162.5 million Proposition 98 General Fund, \$29 million of which is ongoing, for scaling of a common cloud data platform across the community college system to support the Career Education Master Plan. This data platform will accomplish several goals for the system that will provide direct benefits to student supports.

Expanded Credit for Prior Learning Policies and Career Passport — \$100 million one-time Proposition 98 General Fund, \$7 million of which is ongoing, to build on existing credit for prior learning policies. The investment will be used to develop and beta-test an outcomes-based funding model that will support community college districts in the integration of credit for prior learning into the enrollment process, offering students the opportunity to receive course credit for past experiences such as military service.

Community College Facilities — \$51.5 million one-time Proposition 2 bond funds allocated for critical infrastructure, facility modernization and enrollment growth projects for 28 community college facilities.

Expansion of Rising Scholars Network — \$30 million ongoing Proposition 98 General Fund to expand the Rising Scholars Network, which provides college educational opportunities to students who have been impacted by the criminal justice system, with the goal of serving more students through the program.

CCC Categorical Program COLA — \$16 million ongoing Proposition 98 General Fund to provide a 2.43% COLA for select categorical programs and the Adult Education Program.

Potential Negative Factors. The stronger-than-anticipated performance of the economy, stock market, and cash receipts, combined with an improved economic outlook, have all contributed to the upgraded revenue forecast. While the Proposed 2025-26 State Budget does not forecast a recession, it recognizes several risk factors that could negatively affect the economy and State revenues, including stock market and asset price volatility and declines, particularly those affecting high-income earners, as well as geopolitical instability. Additional risks come from stated policy changes by the incoming federal administration that could negatively impact the State's economy. The Proposed 2025-26 State Budget does not include any adjustments to account for the damage caused by recent Los Angeles-area fires, which is expected to be significant.

May Revision to the 2025-26 State Budget Proposal

On May 14, 2025, the Governor released the May Revision to the 2025-26 State Budget Proposal (the "**May Revision**"). The May Revision reflects a budget shortfall of \$27.6 billion, which is a decrease of \$10.4 billion from the \$38 billion shortfall projected in the 2025-26 State Budget Proposal. The May Revision notes that the State faces a \$12 billion shortfall largely due to substantial changes in federal policy, specifically, broad-based tariffs and increased expenditure growth above the Governor's Budget, most notably in Medi-Cal.

Budget Shortfall Solutions. The May Revision solves a \$12 billion deficit for 2025-26 through the following categories of solutions. Unlike the last two years during which the State also faced budget deficits, this year's approach includes a significant number of reductions to ongoing programs that result in greater savings in future years.

Reductions. The May Revision includes \$5 billion in total solutions in 2025-26. This category grows to \$14.8 billion in 2028-29, including:

- Enrollment Freeze for Full-Scope Medi-Cal Expansion for Undocumented Adults, Adults 19 and Older—\$86.5 million in 2025-26, growing to \$3.3 billion in 2028-29.
- Medi-Cal Premiums, Adults 19 and Older—Implementation cost of \$30 million in 2025-26, growing to savings of \$2.1 billion in 2028-29 for individuals with certain statuses, those who will eventually qualify for federal funds, and individuals enrolled in the Medi-Cal full-scope expansion.
- Medi-Cal Asset Test Limits—\$94 million in 2025-26, growing to \$791 million in 2028-29.
- Elimination of Long-Term Care Benefits—\$333.3 million in 2025-26, growing to \$800 million in 2026-27 for individuals with certain statuses, those who will eventually qualify for federal funds, and individuals enrolled in the Medi-Cal full-scope expansion.
- Prospective Payment System Payments to Federally Qualified Health Centers and Rural Health Clinics—\$452.5 million in 2025-26, growing to \$1.1 billion in 2026-27.
- Specialty Drug Coverage for Weight Loss—\$85 million in 2025-26, growing to \$680 million in 2028-29.

- Cap In-Home Supportive Services Overtime and Travel Hours at 50 Hours—\$707.5 million in 2025-26, growing to \$893.4 million in 2028-29.
- Require Provider Mandates for Quality Incentive Payment Incentive Eligibility—\$221.7 million ongoing beginning in 2026-27.

Revenue/Internal Borrowing. The May Revision includes \$5.3 billion in total solutions for 2025-26 under revenue/internal borrowing, including:

- Proposition 35 Support for Medi-Cal Rate Increases—\$1.3 billion in 2025-26 and \$263.7 million in 2026-27.
- Medical Providers Interim Payment Fund Loan—\$3.4 billion due to extending the repayment deadline.
- Unfair Competition Law Fund Loan—\$150 million in 2025-26.
- Labor and Workforce Development Fund Loan—\$400 million in 2025-26.

Fund Shifts. The May Revision shows a \$1.5 billion greenhouse gas reduction fund for CalFire operations in 2025-26, growing to \$1.9 billion in 2028-29.

Triggers. In addition to these solution categories, the May Revision includes triggers for two future spending commitments:

- California Food Assistance Program Expansion—\$117.2 million in 2027-28, growing to \$163.2 million in 2028-29.
- Foster Care Tiered Rate Structure Trigger—\$338.9 million in 2027-28, growing to \$522.1 million in 2028-29.

California Community Colleges. The May Revision includes the following significant adjustments for CCCs:

SCFF Base Adjustment — A one-time increase of \$210.2 million to fully fund the SCFF in 2024-25 and an ongoing increase of \$104.7 million to fully fund the SCFF in 2025-265.

SCFF Growth Adjustment — An ongoing increase of \$109.5 million to fund 2.35% enrollment growth in the SCFF in 2025-26, which is an increase from the 2025-26 Proposed State Budget of 0.5%..

SCFF and Categorical Programs Cost-of-Living Adjustment — An ongoing decrease of \$12.9 million Proposition 98 General Fund for the SCFF and an ongoing decrease of \$122,000 Proposition 8 General Fund for select categorical programs and the Adult Education Program, to reflect a change in the cost-of-living adjustment from 2.43% to 2.3%.

Local Property Tax Adjustments — An ongoing increase of \$89.6 million Proposition 98 General Fund as a result of decreased offsetting local property tax revenues.

Fire-Related Property Tax Backfill — A one-time fire-related property tax backfill of \$3.8 million in 2024-25 and \$8.1 million in 2025-26 for impacted CCCs.

The 2025-26 State Budget is required to be passed by the Legislature by June 15, 2025, prior to the start of the new fiscal year, though the trend in recent years has been for the approval of a largely symbolic bill by that deadline with a substantive agreement emerging later.

For the full text of the 2025-26 State Budget Proposal and the May Revision to the 2025-26 State Budget Proposal, see the DOF website at www.dof.ca.gov. *The reference to this Internet website is shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement.*

LAO Publications on the May Revision and the Multiyear Budget Outlook. The LAO's initial comments on the May Revision as of May 17, 2025 included the following key takeaways:

- A Budget Problem Has Emerged Since January. Since January, when the 2025-26 State Budget Proposal was roughly balanced, a budget problem has emerged. The LAO estimates the administration solved a \$14 billion budget problem (similar to the \$12 billion budget problem cited by the Governor in the May Revision). The budget problem is driven by two key factors: higher baseline spending, most notably in Medi-Cal, and lower revenues, reflecting diminished expectations for both the personal income tax and the corporation tax.
- The Governor Mainly Proposes Addressing the Budget Problem With Spending Solutions. The May Revision proposes \$9.5 billion in spending solutions, including about \$5 billion in spending reductions. A significant share of these spending solutions are ongoing and grow to \$17.5 billion by the last year of the administration's forecast, helping to address, but not fully solve, the State's persistent multiyear deficits. Notably, the administration does not propose using any more in reserves to address this new budget problem, which the LAO notes is prudent.
- Recommend Legislature Maintain Overall May Revision Structure. The LAO recommends the Legislature address the budget shortfall with a similar approach that the administration took, namely adopting solutions that primarily put the State on more solid fiscal footing, rather than those that delay or exacerbate future problems. Moreover, the LAO recommends avoiding committing to new activities. Finally, the State's persistent fiscal imbalance and the added downside risks, particularly from potential federal actions, suggest a need for a more proactive approach. As such, the LAO views the Governor's focus on reducing multiyear spending as a reasonable and appropriate step. That said, the Legislature could allocate the mix of solutions differently, for example, by changing the types of programs, types of reductions, or mix of spending and revenue solutions adopted.

In addition, the LAO prepared a Multiyear Budget Outlook dated May 24, 2025, which presents its forecast of the condition of the state General Fund budget through fiscal year 2028-29 under its revenue and spending estimates and assuming the Governor's May Revision policies are adopted. In sum, it notes that its assessment and that of the administration are very similar, being that the State is likely to face persistent future deficits. These deficits range from \$10 billion to \$20 billion through fiscal year 2028-29. As such, the LAO notes that the Governor's approach

to the May Revision reflects the reality of the budget challenge before the Legislature. While the Governor focuses solutions in Medi-Cal, constituting \$11 billion of the total \$16 billion in solutions, the LAO notes that the Legislature could pursue a different mix of spending and/or revenue solutions than those proposed. Either way, the LAO recommends the Legislature maintain at least the level of ongoing solutions proposed by the Governor in the May Revision. This is important because, going forward, the budget problems will become more difficult to solve. The LAO notes that the Legislature likely will need to adopt additional solutions that increase ongoing revenues or reduce ongoing spending, both of which involve the most difficult and consequential trade-offs for policy makers

Disclaimer Regarding State Budgets

The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2024-25 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the County, the Underwriter or the Owners of the Bonds to provide State Budget information to the District or the owners of the Bonds. Although the sources of information provided herein are known to be reliable, neither the District nor the Underwriter assume any responsibility for the accuracy of the budget information set forth or referred to in this Official Statement or incorporated herein.

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIII A of the California Constitution

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

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

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

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

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

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

Article XIII B of the California Constitution

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

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

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

certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

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

Unitary Property

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

Articles XIII C and XIII D of the California Constitution

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

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

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit

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

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

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

Proposition 98

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other

portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

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

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

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

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

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

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

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted

for changes in the cost of living (measured as in Article XIII B by reference to *per capita* personal income) and enrollment (the “**second test**”). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California *per capita* personal income (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or

(iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

Proposition 30 and Proposition 55

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

taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

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

Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act (“**Proposition 2**”) was approved by California voters on November 4, 2014. Proposition 2 triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the BSA established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in fiscal year 2015-16 and for each fiscal year thereafter, the State is required to make an annual transfer to the BSA in an amount equal to 1.5% of estimated State general fund revenues (the “Annual Stabilization Account Transfer”). For a fiscal year in which the estimated State general fund revenues allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the BSA (a “**Supplemental Stabilization Account Transfer**”) are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the BSA.

In addition, for each fiscal year, Proposition 2 increases the maximum size of the BSA to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold. For the period from fiscal year 2015-16 through fiscal year 2029-30, Proposition 2 requires that half of any such transfer to the BSA (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated

services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After fiscal year 2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities and any amount not so applied shall be transferred to the BSA or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA are impacted by Proposition 2. Unilateral discretion to suspend transfers to the BSA are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the BSA for any reason, as was previously provided by law. Instead, the Governor must declare a “budget emergency” (defined as 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 expenditure, 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, and 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 the funds on deposit in the BSA, unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the “**Public School System Stabilization Account**”) into which transfers will be made in any fiscal year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to school districts and community college districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (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 Public School System Stabilization Account 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 Public School System Stabilization Account 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 Public School System Stabilization Account transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, 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 2 also mandates draws on the Public School System Stabilization Account. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year’s deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year’s deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the “Public School System Stabilization Account”) to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to

school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

Proposition 2 (2024)

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair and Safety Bond Act of 2024 (also known as Proposition 2 and referred to herein as “Proposition 2 (2024)”) is a voter initiative that was approved by voters on November 5, 2024. Proposition 2 (2024) authorizes the sale and issuance of \$10 billion in general obligation bonds for the repair, upgrade, and construction of facilities at K-12 public schools (including charter schools), community colleges, and career technical education programs, including for the improvement of health and safety conditions and classroom upgrades.

K-12 School Facilities. Proposition 2 (2024) includes \$3.3 billion for the new construction of K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities, up to 10% of each allocated amount to be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the \$4 billion available in modernization funds, up to \$115 million is available to be used for reducing lead levels in water at school facilities. Generally, 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. However, some school districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of \$1.2 billion will be available for the modernization and new construction of charter school (\$600 million) and technical education (\$600 million) facilities. The State will award funds to career technical education and charter schools through an application process, and charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 2 (2024) includes \$1.5 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 prepare a plan listing their Statewide project priorities. The Governor and State Legislature will select specific projects to fund.

The District makes no guarantees that it will either pursue or qualify for Proposition 2 (2024) State facilities funding

Future Initiatives

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

APPENDIX B

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023-24

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF CHICO, BUTTE COUNTY AND GLENN COUNTY

The following information is included only for the purpose of supplying general information regarding the City of Chico (the “City”), Butte County (“Butte County”) and Glenn County (“Glenn County”) and, together with Butte County, the “Counties”). This information is provided only for general informational purposes, and provides prospective investors limited information about this region and its economic base. The Bonds are not a debt of the City, the Counties, the State of California (the “State”) or any of its political subdivisions, and neither the City, the Counties, the State or any of its political subdivisions (other than the District) is liable therefor.

General Information

The City. The City is located in Butte County, approximately 90 miles north of Sacramento, approximately 180 miles northeast of San Francisco and adjacent to the foothills of the northern Sierra Nevada. The City is the largest incorporated city in Butte County and the center for commercial and business activity in the region. The City is home to California State University, Chico, Butte College and Bidwell Park, one of the largest municipal parks in the United States. Scheduled air transportation to San Francisco is available from the Chico Municipal Airport. Butte County Transit provides public transit service between the Chico and neighboring cities within Butte County.

Butte County. Butte County is located 60 miles north of Sacramento in northern California and was incorporated in 1850. Butte County encompasses 1,639 square miles and is bordered by the Sacramento River on the west and the Sierra Nevada mountains on the east. The local economy has historically been strongly rooted in agriculture/ranching with some retail and service components. In recent years, the services, government and retail trade sectors dominated Butte County’s total employment. Butte County is a charter county governed by a five-member Board of Supervisors with the county seat located at the city of Oroville.

Glenn County. Incorporated in 1891, Glenn 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.

Population

The following tables show population estimates for the City and Counties for the past five years as of January 1.

COUNTY OF BUTTE
Population Estimates
Calendar Years 2020 through 2024
As of January 1

Area	2020	2021	2022	2023	2024
Biggs	1,852	1,989	1,991	1,951	1,853
Chico	110,364	103,016	105,517	107,639	109,589
Gridley	6,515	7,468	7,396	7,235	6,935
Oroville	18,888	20,343	19,432	18,841	18,129
Paradise	4,608	6,068	7,720	9,205	10,691
Balance of County	66,724	68,519	64,128	61,708	58,731
Total County	142,227	207,403	206,184	206,579	205,928

Source: State of California Department of Finance, Demographic Research Unit.

COUNTY OF GLENN
Population Estimates
Calendar Years 2020 through 2024
As of January 1

Area	2020	2021	2022	2023	2024
Orland	8,374	8,317	8,272	8,141	8,537
Willows	6,243	6,348	6,431	6,317	6,321
Balance of County	14,965	14,147	14,074	13,872	13,878
Total County	29,582	28,812	28,777	28,330	28,736

Source: State of California Department of Finance, Demographic Research Unit.

Employment and Industry

The District is located in the Chico Metropolitan Statistical Area (“**MSA**”), which includes all of Butte County. The unemployment rate in Butte County was 5.6% in December 2024, unchanged from a revised 5.6% in November 2024, and unchanged the year-ago estimate of 5.6%. This compares with an unadjusted unemployment rate of 5.2% for California and 3.8% for the nation during the same period.

The table below provides information about employment by industry type for the MSA for calendar years 2019 through 2023.

**CHICO MSA
(Butte County)
Annual Average Civilian Labor Force,
Employment and Unemployment,
Employment by Industry
(March 2023 Benchmark)**

	2019	2020	2021	2022	2023
Civilian Labor Force ⁽¹⁾	98,000	93,200	92,000	91,500	91,900
Employment	92,900	84,500	85,700	87,400	87,100
Unemployment	5,000	8,700	6,300	4,100	4,800
Unemployment Rate	5.1%	9.4%	6.9%	4.5%	5.2%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	2,900	2,900	2,900	2,800	2,700
Mining, Logging, Construction	4,400	4,200	4,200	4,200	4,300
Manufacturing	4,100	4,000	4,100	4,300	4,200
Wholesale Trade	2,200	2,100	2,500	2,300	2,200
Retail Trade	10,700	9,800	10,100	9,900	9,300
Transportation, Warehousing and Utilities	1,600	1,700	1,900	2,100	2,100
Information	800	600	600	700	700
Financial Activities	3,200	3,000	2,900	2,700	2,600
Professional and Business Services	5,800	5,400	5,500	5,100	5,200
Educational and Health Services	18,400	17,500	17,600	18,400	19,600
Leisure and Hospitality	9,000	7,200	8,000	8,400	8,200
Other Services	3,900	3,100	3,100	3,600	3,600
Federal Government	600	700	600	600	600
State Government	4,400	4,200	3,800	4,100	4,100
Local Government	11,600	10,400	10,400	11,000	11,200
Total all Industries ⁽³⁾	83,500	76,800	78,300	80,200	80,400

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Columns may not sum to totals due to rounding.

Source: California Employment Development Department.

The District is also located Glenn County.

The table below provides information about employment by industry type for Glenn County for calendar years 2019 through 2023.

GLENN COUNTY
Annual Average Civilian Labor Force,
Employment and Unemployment,
Employment by Industry
(March 2023 Benchmark)

	2019	2020	2021	2022	2023
Civilian Labor Force ⁽¹⁾	12,990	12,760	12,600	12,760	12,790
Employment	12,180	11,610	11,720	12,060	11,990
Unemployment	800	1,150	890	690	800
Unemployment Rate	6.2%	9.0%	7.0%	5.4%	6.3%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	2,440	2,430	2,250	2,220	2,190
Mining, Logging, Construction	360	380	360	360	330
Manufacturing	740	730	790	850	840
Wholesale Trade	340	340	330	330	310
Retail Trade	850	870	970	980	980
Transportation, Warehousing and Utilities	540	510	490	560	550
Financial Activities	150	150	160	160	170
Professional and Business Services	230	270	240	240	230
Educational and Health Services	960	950	950	1,020	950
Leisure and Hospitality	760	650	750	780	800
Federal Government	200	200	180	180	180
State Government	80	80	70	60	60
Local Government	1,880	1,730	1,810	1,910	2,050
Total all Industries ⁽³⁾	9,670	9,410	9,490	9,810	9,800

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Columns may not sum to totals due to rounding.

Source: California Employment Development Department.

Major Employers

The following tables list the major employers within the Counties as of March 2025.

COUNTY OF BUTTE Major Employers (Listed Alphabetically)

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Butte Community Insurance Agcy	Chico	Insurance
Butte County Comm Employment	Oroville	Employment Agencies & Opportunities
Butte County Sheriff	Oroville	Government Offices-County
California State Univ Chico	Chico	Schools-Universities & Colleges Academic
Cascade Auto Glass	Chico	Automobile Glass-Service & Installation
Chico High School	Chico	Schools
Enloe Homecare	Chico	Hospices
Enloe Medical Ctr	Chico	Physical Therapists
Enloe Medical Ctr	Chico	Hospitals
Enloe Medical Ctr Chico-VIntr	Chico	Social Service & Welfare Organizations
Firestorm Wildland Fire	Chico	Foresters-Consulting
Gold Country Casino Resort	Oroville	Casinos
Knife River Construction	Chico	Construction Materials NEC (whls)
Pacific Coast Producers	Oroville	Canning (mfrs)
Propacific Fresh	Durham	Food Service-Distributors (whls)
S-S Organic Produce-Natrl	Chico	Fruits & Vegetables & Produce-Retail
United Healthcare	Chico	Insurance
Walmart	Chico	Department Stores
Walmart Supercenter	Oroville	Department Stores
Wayfinder Family Svc	Chico	Family & Children Services
Wehah Farm Inc	Richvale	Rice Mills (mfrs)
Wil-Ker-Son Kiwi Ranch	Gridley	Fruits & Vegetables-Growers & Shippers
Windsor Chico Creek Care-Rehab	Chico	Nursing & Convalescent Homes
Wittmeier Chevrolet	Chico	Automobile Dealers-New Cars
Work Training Ctr	Chico	Disability Services

Source: California Employment Development Department, extracted from the America's Labor Market Information System Employer Database, 2025 1st Edition.

**COUNTY OF GLENN
Major Employers
(Listed Alphabetically)**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Department of Child Family Svc	Orland	Government-Individual/Family Social Svcs
Fairview Elementary School	Orland	Schools
Glen County Mental Health	Willows	Government Offices-County
Glenn County Emergency Svc	Willows	County Government-Public Order & Safety
Glenn County Office-Emergency	Willows	Government Offices-County
Glenn County Planning & Public	Willows	Government Offices-County
Glenn County Sheriff's Civil	Willows	Sheriff
Glenn County Sheriff's Office	Willows	Government Offices-County
Glenn Family Medical Group	Willows	Clinics
Head Start	Orland	Child Care Service
Lake View Charter School	Orland	Schools
Lassen Land Co	Orland	Farm Management Service
Mar-Val Food Stores	Willows	Grocers-Retail
Mendocino National Forest	Willows	Federal Government-Land/Mineral/Wildlife/Fore
Mill Street School	Orland	Schools
Murdock Elementary School	Willows	Schools
Olson Meat Co	Orland	Meat-Retail
Omega Walnuts	Orland	Nuts-Edible-Processing
Orland Unified School District	Orland	School Districts
Riverwest Processing Inc	Glenn	Nuts-Edible-Wholesale & Processing
Sav-Mor Foods	Orland	Grocers-Retail
Sierra Nevada Cheese Co	Willows	Cheese
Sun Bridge Ctr of Willows	Willows	Convalescent Homes
Sunsweet Dryers	Orland	Fruits-Dried (whls)
Walmart Supercenter	Willows	Department Stores

Source: California Employment Development Department, extracted from the America's Labor Market Information System Employer Database, 2025 1st Edition.

Effective Buying Income

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

The following table summarizes the median household effective buying income for the City, the Counties, the State and the United States for the period 2021 through 2025.

**CITY OF CHICO; BUTTE COUNTY; GLENN COUNTY;
STATE OF CALIFORNIA; UNITED STATES
Effective Buying Income
2021 through 2025**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2021	City of Chico	\$2,405,552	\$49,230
	Butte County	5,678,731	48,212
	Glenn County	557,438	45,405
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Chico	\$2,934,077	\$61,305
	Butte County	6,835,030	59,720
	Glenn County	654,730	53,048
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Chico	\$3,510,718	\$62,146
	Butte County	6,849,126	61,325
	Glenn County	699,233	56,908
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Chico	\$3,414,700	\$64,293
	Butte County	6,783,932	63,903
	Glenn County	749,242	61,931
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Chico	\$3,388,299	\$61,676
	Butte County	6,740,086	61,997
	Glenn County	758,295	63,733
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687

Source: Claritas, LLC.

Commercial Activity

Summaries of historic taxable sales within the City and Counties during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2024 in the City were reported to be \$1,743,773,113, a 6.53% decrease from the total taxable sales of \$1,865,536,657 reported during the first three quarters of calendar year 2023.

CITY OF CHICO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2019	1,904	\$1,777,631	3,147	\$2,306,515
2020	2,252	1,571,923	3,652	2,118,114
2021	2,020	1,880,441	3,309	2,604,126
2022	2,045	1,974,427	3,388	2,758,702
2023	2,000	1,820,959	3,331	2,470,349

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2024 in Butte County were reported to be \$3,117,238,187, a 4.61% decrease from the total taxable sales of \$3,267,798,420 reported during the first three quarters of calendar year 2023.

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

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2019	4,348	\$2,685,911	7,029	\$3,795,302
2020	4,455	2,687,959	7,295	3,865,178
2021	3,953	3,057,175	6,584	4,487,628
2022	4,009	3,141,028	6,676	4,699,803
2023	3,896	2,939,325	6,561	4,339,633

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2024 in Glenn County were reported to be \$452,399,099, a 3.81% decrease from the total taxable sales of \$470,317,782 reported during the first three quarters of calendar year 2023.

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

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2019	634	\$294,572	1,022	\$484,513
2020	669	296,748	1,089	503,272
2021	569	346,745	995	581,487
2022	590	375,780	996	636,141
2023	551	350,814	939	607,026

Source: State Department of Tax and Fee Administration.

Construction Activity

Provided below are the building permits and valuations for the City and the Counties, for calendar years 2019 through 2023.

CITY OF CHICO
Total Building Permit Valuations
(Valuations in Thousands)

<u>Permit Valuation</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New Single-family	\$48,749.1	\$65,020.8	\$52,429.0	\$54,619.7	\$17,393.2
New Multi-family	66,442.7	23,718.2	57,058.1	60,322.2	520.9
Res. Alterations/Additions	<u>2,149.3</u>	<u>2,632.1</u>	<u>5,264.6</u>	<u>8,562.5</u>	<u>8,185.2</u>
Total Residential ⁽¹⁾	117,341.1	91,371.1	114,751.7	68,884.7	26,099.3
New Commercial	17,914.5	14,096.2	26,298.4	34,922.4	6,257.8
New Industrial	0.0	0.0	182.7	0.0	0.0
New Other	6,197.6	11,501.6	6,209.1	12,962.5	11,039.0
Com. Alterations/Additions	<u>14,391.5</u>	<u>6,671.3</u>	<u>9,652.0</u>	<u>16,620.2</u>	<u>8,727.4</u>
Total Nonresidential	38,503.6	32,269.1	42,342.2	64,505.1	26,024.2
<u>New Dwelling Units</u>					
Single Family	217	306	258	259	82
Multiple Family	<u>547</u>	<u>208</u>	<u>529</u>	<u>558</u>	<u>2</u>
TOTAL	764	514	787	817	84

Source: Construction Industry Research Board, Building Permit Summary.

BUTTE COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

<u>Permit Valuation</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New Single-family	\$186,053.5	\$287,009.7	\$234,711.9	\$206,808.2	\$133,296.9
New Multi-family	67,537.6	38,743.6	97,689.0	100,751.8	45,271.0
Res. Alterations/Additions	<u>11,986.6</u>	<u>10,091.5</u>	<u>16,003.8</u>	<u>23,774.5</u>	<u>19,098.6</u>
Total Residential	265,577.7	335,844.8	348,404.7	331,334.5	197,666.5
New Commercial	30,460.4	33,296.1	41,127.9	64,219.0	12,666.9
New Industrial	2,463.7	1,263.9	1,114.0	986.3	0.0
New Other	20,412.3	26,016.6	24,320.8	36,253.5	56,701.6
Com. Alterations/Additions	<u>25,371.1</u>	<u>11,760.2</u>	<u>20,602.6</u>	<u>21,403.9</u>	<u>20,471.2</u>
Total Nonresidential	78,707.5	72,336.8	87,165.3	122,862.7	89,839.7
<u>New Dwelling Units</u>					
Single Family	804	1,323	1,084	970	609
Multiple Family	<u>563</u>	<u>371</u>	<u>949</u>	<u>948</u>	<u>551</u>
TOTAL	1,367	1,694	2,033	1,918	1,160

Source: Construction Industry Research Board, Building Permit Summary.

GLENN COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

<u>Permit Valuation</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New Single-family	\$7,860.9	\$2,690.7	\$7,651.3	\$10,958.4	\$8,056.8
New Multi-family	124.0	3,021.6	0.0	15,599.7	300.0
Res. Alterations/Additions	<u>1,634.6</u>	<u>1,025.7</u>	<u>5,491.1</u>	<u>3,043.1</u>	<u>3,336.6</u>
Total Residential	9,619.5	6,738.0	13,142.4	29,601.2	11,693.4
New Commercial	4,228.6	12,028.2	11,146.4	14,837.0	5,648.0
New Industrial	950.0	5,764.8	0.0	0.0	0.0
New Other	1,166.1	813.2	1,038.0	1,498.6	11,636.2
Com. Alterations/Additions	<u>707.1</u>	<u>908.8</u>	<u>1,138.1</u>	<u>2,415.9</u>	<u>8,687.3</u>
Total Nonresidential	7,051.8	19,515.0	13,322.5	18,751.5	25,971.5
<u>New Dwelling Units</u>					
Single Family	45	13	32	48	25
Multiple Family	<u>2</u>	<u>24</u>	<u>0</u>	<u>134</u>	<u>429</u>
TOTAL	47	37	32	182	454

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

_____, 2025

Board of Trustees
Butte-Glenn Community College District
3536 Butte Campus Drive
Oroville, California 95965

OPINION: \$_____ Butte-Glenn Community College District Election of 2016
General Obligation Bonds, Series D

Members of the Governing Board:

We have acted as bond counsel to the Butte-Glenn Community College District (the "District") in connection with the issuance by the District of \$_____ principal amount of Butte-Glenn Community College District Election of 2016 General Obligation Bonds, Series D, dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), and a resolution of the Board of Trustees (the "Board") adopted on June 25, 2025 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

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

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

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

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

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

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

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
(Butte and Glenn Counties, California)
Election of 2016 General Obligation Bonds, Series D

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Butte-Glenn Community College District (the “**District**”) in connection with the execution and delivery of the captioned bonds (the “**Bonds**”). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees on June 25, 2025 (the “**Resolution**”). The Bank of New York Mellon Trust Company, N.A., is initially acting as paying agent for the Bonds (the “**Paying Agent**”).

The District hereby 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 above and in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the District under and as described in Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently June 30th), commencing not later than March 31, 2026.

“*Dissemination Agent*” means, initially, Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District.

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

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

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

“*Paying Agent*” means The Bank of New York Mellon Trust Company, N.A., or any successor thereto.

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

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2026, with the report for the 2024-25 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

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

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

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided under this Disclosure Certificate, and stating the date it was provided.

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

(a) 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.

(b) 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):

(i) State funding received by the District for the last completed fiscal year;

(ii) FTES of the District for the last completed fiscal year;

(iii) Outstanding District indebtedness;

(iv) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting the adopted budget for the current fiscal year;

(v) Total assessed valuation of taxable property within the District, for the then current fiscal year; and

(vi) Tax delinquencies, to the extent that either Butte County or Glenn County is no longer on the Teeter Plan and such information is available from the applicable county.

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

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

Section 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies.

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

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of Bond holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds.

The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

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

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

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

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

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

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

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

- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

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

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

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

Date: _____, 2025

**BUTTE-GLENN COMMUNITY COLLEGE
DISTRICT**

By _____
Name:
Title:

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Butte-Glenn Community College District (the "District")

Name of Bond Issues: \$_____ Butte-Glenn Community College District
Election of 2016 General Obligation Bonds, Series D

Date of Issuance: _____, 2025

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, dated as of _____, 2025. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

cc: Paying Agent and Participating Underwriter

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

APPENDIX G

**BUTTE COUNTY INVESTMENT POLICY AND
SUMMARY OF RECENT INVESTMENT REPORT**