

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 3, 2018**NEW ISSUE - FULL BOOK-ENTRY****RATINGS: Moody's: "___"
Standard & Poor's: "___"
See "RATINGS" herein.**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Refunding 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 imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the Refunding Bonds is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Refunding Bonds is exempt from California personal income taxes. See "TAX MATTERS."

\$125,000,000*
LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
2018 General Obligation Refunding Bonds

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

Authority and Purpose. The Los Rios Community College District (Sacramento County, California) 2018 General Obligation Refunding Bonds (the "Refunding Bonds") are being issued by the Los Rios Community College District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on November 8, 2017 (the "Bond Resolution"). The Refunding Bonds are being issued to refund, on an advance basis, certain maturities of the District's General Obligation Bonds, Election of 2008, Series A, and to pay costs of issuance. See "THE REFUNDING BONDS – Authority for Issuance" and "THE REFINANCING PLAN."

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

Payments. Interest on the Refunding Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2018. Payments of principal of and interest on the Refunding Bonds will be paid by the County of Sacramento, Director of Finance, Sacramento, California, as Paying Agent, to The Depository Trust Company, New York, New York ("DTC") for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Refunding Bonds. See "THE REFUNDING BONDS - Description of the Refunding Bonds."

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

Book-Entry Only. The Refunding 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 Refunding Bonds. See "THE REFUNDING BONDS – Description of the Refunding Bonds - Book-Entry Form" and "APPENDIX F - Book-Entry Only System."

Bond Insurance. The District has applied for municipal bond insurance for the Refunding Bonds and whether said insurance is obtained will be determined at the time of sale of the Refunding Bonds.

MATURITY SCHEDULE
(see inside front cover)

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

The Refunding Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Dannis Woliver Kelley, Long Beach, California is serving as counsel to the Underwriters. It is anticipated that the Refunding Bonds will be available for delivery to Cede & Co., as nominee of DTC, on or about February 8, 2018.



RBC Capital Markets

STIFEL

The date of this Official Statement is: _____, 2018

*Preliminary; subject to change.

MATURITY SCHEDULE*
LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
2018 General Obligation Refunding Bonds

BASE CUSIP[†]: _____

Maturity Date (August 1)	Principal Amount*	Interest Rate	Yield	CUSIP[†]
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**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 S&P Global Market Intelligence on behalf of The American Bankers Association. Neither the District nor the Underwriters takes any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Refunding 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 Refunding 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 Refunding Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Estimates and Projections. 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, 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.

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.

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.

Involvement of Underwriters. The Underwriters have provided the following statement for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No Securities Laws Registration. The Refunding Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Refunding 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 Refunding Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the Counties described herein, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Stabilization of Market Price. In connection with the offering of the Refunding Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of such Refunding Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

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 Refunding Bonds.

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

DISTRICT BOARD OF TRUSTEES

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

DISTRICT ADMINISTRATIVE STAFF

Dr. Brian King, *Chancellor*
Theresa Matista, *Vice Chancellor, Finance and Administration*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Dale Scott & Company, Inc.
San Francisco, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

Director of Finance, County of Sacramento
Sacramento, California

ESCROW BANK

U.S. Bank National Association
Los Angeles, California

VERIFICATION AGENT

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

*Seventy-eight percent of the District's fiscal year 2017-18 assessed valuation is located in Sacramento County. The boundaries of the District also include property located in El Dorado, Yolo, Placer and Solano Counties. See "PROPERTY TAXATION - Assessed Valuations" herein.

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\$125,000,000*
LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
2018 General Obligation Refunding Bonds

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the Los Rios Community College District (Sacramento County, California) 2018 General Obligation Refunding Bonds (the “**Refunding Bonds**”) by the Los Rios Community College District (the “**District**”).

INTRODUCTION

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

The District. The District commenced operations as a community college district on July 1, 1965. The District is a public, multi-campus community college district serving the greater Sacramento region which has a population of over 2 million residents. The District provides higher education instruction for the first and second years of college, as well as vocational training, at four campuses: American River College, Consumnes River College, Folsom Lake College and Sacramento City College. The District also operates six additional educational centers which operate within its boundaries. The District’s service area includes all of Sacramento County (78.2% of the District’s fiscal year 2017-18 assessed valuation is located in Sacramento County) and portions of El Dorado, Yolo, Solano and Placer counties (each, a “**County**”; collectively, the “**Counties**”). The District’s total assessed value in fiscal year 2017-18 is over \$183 billion. See “PROPERTY TAXATION – Assessed Valuation” and “APPENDIX B – GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT.”

Purpose. The net proceeds of the Refunding Bonds will be used to refund, on an advance basis, certain maturities of the District’s outstanding General Obligation Bonds, Election 2008, Series A, issued on October 19, 2010 in the original aggregate principal amount of \$130,000,000 (the “**2008 Series A Bonds**”), and to pay related costs of issuance. See “THE REFINANCING PLAN.”

Authority for Issuance of the Refunding Bonds. The Refunding Bonds will be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “**Bond Law**”) and under a resolution adopted by the Board of Trustees of the District on November 8, 2017 (the “**Bond Resolution**”). See “THE REFINANCING BONDS - Authority for Issuance.”

*Preliminary; subject to change.

Security for the Refunding Bonds. The Refunding Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the Boards of Supervisors of the Counties. The Counties have the power and are obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Refunding 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 REFUNDING BONDS.”

The District has other series of general obligation bonds that are payable from *ad valorem* taxes levied on taxable property in the District. For a schedule of the general obligation bonds issued by the District, see “DEBT SERVICE SCHEDULES.” See also “APPENDIX B - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT - DISTRICT FINANCIAL INFORMATION - Indebtedness of the District.”

Redemption. The Refunding Bonds are subject to redemption prior to maturity as described in “THE REFUNDING BONDS – Redemption.”

Offering and Delivery of the Refunding Bonds. The Refunding Bonds are offered when, as and if issued and received by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, as bond counsel (“**Bond Counsel**”). It is anticipated that the Refunding Bonds will be available for delivery through the facilities of DTC on or about February 8, 2018.

Bond Insurance. The District has applied for municipal bond insurance for the Refunding Bonds, and whether said insurance is obtained will be determined at the time of sale of the Refunding Bonds.

Legal Matters. Issuance of the Refunding Bonds is subject to the approving opinion of Bond Counsel, to be delivered in substantially the form attached hereto as Appendix C. Jones Hall, A Professional Law Corporation will also serve as disclosure counsel (“**Disclosure Counsel**”) to the District. Dannis Woliver Kelley, Long Beach, California is serving as counsel to the Underwriters (“**Underwriter’s Counsel**”). *Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon issuance of the Refunding Bonds.*

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Refunding Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also in the opinion of Bond Counsel, interest on the Refunding Bonds will be exempt from State of California (the “**State**”) personal income taxes. See “TAX MATTERS” herein.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate is included in Appendix D hereto. See “APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Other Information. For limiting factors about this Official Statement, see “General Information About This Official Statement” inside the cover hereof. Copies of documents referred to herein and information concerning the Refunding Bonds are available from the

District Chancellor, Los Rios Community College District, 1919 Spanos Court, Sacramento, California 95825; phone (916) 568-3021. The District may impose a charge for copying, mailing and handling.

THE REFINANCING PLAN

As described herein, the proceeds of the Refunding Bonds will be used to refund certain maturities of the 2008 Series A Bonds, and to pay related costs of issuance.

The Refunded Bonds

The 2008 Series A Bonds are subject to optional redemption on August 1, 2020 at a redemption price equal to the principal amount to be redeemed, plus accrued interest thereon to the redemption date, without premium. The 2008 Series A Bonds expected to be refunded with the proceeds of the Refunding Bonds (the “**Refunded Bonds**”) are identified in the following table.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Identification of Refunded 2008 Series A Bonds***

Maturities Payable from Escrow	CUSIP†	Principal Amount*	Redemption Date	Redemption Price
08/01/2021	545624 JJ8	\$2,810,000	08/01/2020	100.0%
08/01/2022	545624 JK5	3,250,000	08/01/2020	100.0
08/01/2023	545624 JL3	3,740,000	08/01/2020	100.0
08/01/2024	545624 JM1	4,275,000	08/01/2020	100.0
08/01/2025	545624 JN9	4,860,000	08/01/2020	100.0
08/01/2026	545624 JP4	5,490,000	08/01/2020	100.0
08/01/2027	545624 JQ2	6,165,000	08/01/2020	100.0
08/01/2028	545624 JR0	6,890,000	08/01/2020	100.0
08/01/2029	545624 JS8	7,665,000	08/01/2020	100.0
08/01/2030	545624 JT6	8,500,000	08/01/2020	100.0
08/01/2032	545624 JU3	19,725,000	08/01/2020	100.0
08/01/2035	545624 JV1	37,340,000	08/01/2020	100.0
Total	--	\$110,710,000	--	--

**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 S&P Global Market Intelligence on behalf of The American Bankers Association. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.*

Deposit in Escrow Fund

The District will deliver the net proceeds of the Refunding Bonds to U.S. Bank National Association, as escrow agent (the “**Escrow Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under an Escrow Agreement (the “**Escrow Agreement**”), between the District and the Escrow Agent. The Escrow Agent will invest such funds in certain federal securities (“**Escrow Fund Securities**”) and will apply such funds, together with interest earnings on the investment of such funds in Escrow Fund Securities, to pay the principal of and interest on the Refunded Bonds, including the redemption price of the Refunded Bonds, as set forth above, together with accrued interest to the redemption dates identified above.

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

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

SOURCES AND USES OF FUNDS

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

Sources of Funds
Principal Amount of Refunding Bonds
Net Original Issue Premium
Total Sources

Uses of Funds
Deposit to Escrow Fund
Costs of Issuance*
Total Uses

**All estimated costs of issuance including, but not limited to, Underwriters' discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, bond insurance premium (if any), the Escrow Agent, Verification Agent and the rating agencies.*

THE REFUNDING BONDS

Authority for Issuance

The Refunding Bonds will be issued under the Bond Law and the Bond Resolution.

Description of the Refunding Bonds

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

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

The Paying Agent, the District, and the Underwriters of the Refunding 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 Refunding Bonds.

Principal and Interest Payments. The Refunding Bonds will be dated their date of delivery (the “Dated Date”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Refunding Bonds will mature on August 1 in the years indicated on the inside cover page hereof. Interest with respect to the Refunding Bonds accrues from their Dated Date, and is payable semiannually on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing August 1, 2018. Each Refunding Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to July 15, 2018, in which event it shall bear interest from the date of original delivery; *provided, however*, that if at the time of authentication of a Refunding Bond, interest is in default thereon, such Refunding Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the Refunding Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Director of Finance, County of Sacramento, Sacramento, California, will act as the registrar, transfer agent, and paying agent for the Refunding Bonds (the “Paying Agent”). Interest on the Refunding Bonds, including the final interest payment upon maturity, is payable

by check of the Paying Agent mailed on the Interest Payment Date via first-class mail to the Owner thereof at such Owner’s address as it appears on the bond register maintained by the Paying Agent at the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the “**Record Date**”), or at such other address as the Owner may have filed with the Paying Agent for that purpose, or upon written request filed with the Paying Agent as of the Record Date by an Owner of at least \$1,000,000 in aggregate principal amount of Refunding Bonds, by wire transfer.

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

Redemption

Optional Redemption. The Refunding Bonds maturing on or before August 1, 2027 are not subject to redemption prior to maturity. The Refunding Bonds maturing on or after August 1, 2028 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2027, 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.

Mandatory Sinking Fund Redemption. The Refunding Bonds maturing on August 1, 20__ (the “**Term Bonds**”), shall be subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following table, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

Term Bonds Maturing August 1, 20__

Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
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Selection of Refunding Bonds for Redemption. Whenever less than all of the Outstanding Refunding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Refunding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Refunding Bond will be deemed to consist of individual Bonds of \$5,000 denominations each, which may be separately redeemed.

Notice of Redemption. The Paying Agent will cause notice of any redemption to be mailed, by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to (i) one or more of the Information Services, and (ii) to the respective Owners of any Refunding Bonds designated for redemption, at their addresses appearing on the Registration Books; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Refunding Bonds.

The redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding Refunding Bonds are to be called for redemption, will

designate the Refunding Bonds to be redeemed, and will require that any redeemed Refunding Bonds be surrendered at the Principal Office of the Paying Agent for redemption, giving notice that further interest on such Refunding Bonds will not accrue from and after the redemption date.

Partial Redemption. Upon surrender of Refunding Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Refunding Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Refunding Bond or Bonds.

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

Registration, Transfer and Exchange of Refunding Bonds

If the book-entry system as described above and in Appendix F is no longer used with respect to the Refunding Bonds, the following provisions will govern the registration, transfer, and exchange of the Refunding Bonds.

Registration Books. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Refunding Bonds (the “**Registration Books**”), which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Refunding Bonds.

Transfer. Any Refunding Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Refunding Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

Whenever any Refunding Bond or Bonds are surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. No transfers will be required to be made (a) 15 days prior to a date established for selection of Refunding Bonds for redemption and (b) with respect to a Refunding Bond that has been selected for redemption.

Exchange. Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Refunding Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Refunding Bond issued upon any exchange. No exchanges will be required to be made (a) 15 days prior to a date established for selection of Refunding Bonds for redemption and (b) with respect to a Refunding Bond that has been selected for redemption.

Defeasance

The Refunding 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 Refunding 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 applicable Bond Resolution) to pay or redeem such Refunding Bonds; or
- (c) by delivering such Refunding 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 Refunding 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 applicable Bond Resolution and will be:

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

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 Refunding Bond (whether upon or prior to its maturity or the redemption date of such Refunding Bond), then all liability of the County and the District in respect of such Refunding 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 Refunding 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.

“**Federal Securities**” 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 faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

Refunding Bonds Debt Service. The following table shows the semi-annual debt service schedule with respect to the Refunding Bonds (assuming no optional redemptions).

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Debt Service Schedule
2018 General Obligation Refunding Bonds**

Date	Refunding Bonds Principal	Refunding Bonds Interest	Refunding Bonds Annual Total
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
Total			

Combined General Obligation Bonds Debt Service. The following table shows the combined debt service schedule with respect to all outstanding general obligation bonds of the District (the “**Outstanding Refunding Bonds**”), together with the Refunding Bonds. See “APPENDIX B - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT - DISTRICT FINANCIAL INFORMATION - Indebtedness of the District” for the remaining debt service due on each series of Outstanding Refunding Bonds.

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

Period Ending (Aug. 1)	Outstanding Bonds Annual Debt Service*	Refunding Bonds Annual Debt Service	Aggregate Annual Debt Service
2018	\$29,688,612.50		
2019	30,192,262.50		
2020	28,188,362.50		
2021	28,822,987.50		
2022	29,418,387.50		
2023	30,266,937.50		
2024	30,888,837.50		
2025	31,616,287.50		
2026	31,776,287.50		
2027	27,030,537.50		
2028	25,655,787.50		
2029	21,878,037.50		
2030	22,147,925.00		
2031	17,979,562.50		
2032	18,622,300.00		
2033	18,968,625.00		
2034	19,407,750.00		
2035	20,065,750.00		
2036	5,842,750.00		
2037	5,873,875.00		
2038	5,994,375.00		
TOTAL	\$480,326,237.50		

**A portion of the Outstanding 2008 Series A Bonds is expected to be refunded in full or in part with the proceeds of the Refunding Bonds. Changes to debt service will be reflected in the final Official Statement. See “THE REFINANCING PLAN.”*

SECURITY FOR THE REFUNDING BONDS

Ad Valorem Taxes

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

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

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

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

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

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

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

Debt Service Fund

Sacramento County will establish a Debt Service Fund (the "**Debt Service Fund**") for the Refunding Bonds, which will be established as a separate fund to be maintained distinct from all other funds of Sacramento County. All taxes levied by the Counties for the payment of the principal of and interest and premium (if any) on the Refunding Bonds will be deposited in the Debt Service Fund by Sacramento County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Refunding Bonds when and as the same become due. The District will cause the transfer of amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Refunding Bonds as the same becomes due and payable.

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

Not an Obligation of the Counties

The Refunding 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 Refunding Bonds. Although the Counties are obligated to collect the *ad valorem* tax for the payment of the Refunding Bonds, the Refunding Bonds are not a debt of the Counties.

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

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

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

Taxation of State-Assessed Utility Property

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

Assessed Valuations

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

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

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

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 1998-99 to 2017-18**

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

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 natural disasters such as earthquakes, fires, floods and droughts. Notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, with the exception of Fresno, Kings, Tulare and Tuolumne counties, where emergency drinking water projects are currently in place to address diminished groundwater supplies. In addition, wildfires have occurred in recent years in different regions of the State and a number of fires recently resulted in a declaration by Governor Jerry Brown on October 12, 2017 of a state of emergency for Napa, Sonoma and Yuba counties because of wildfires which threatened thousands of homes. The District cannot predict or make any representations regarding the effects that natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Assessed Valuation by County. Shown below is information regarding the 2017-18 assessed valuation in the District, by the five Counties in which portions of the District are located. As shown, over 78 percent of the District's assessed valuation is in Sacramento County, with under one percent of assessed valuation in Placer and Solano Counties.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
2017-18 Assessed Valuation by County**

	Local Secured	Utility	Unsecured	Total	% of Total
Sacramento County	\$138,111,842,625	\$26,958,509	\$5,408,399,785	\$143,547,200,919	78.29%
El Dorado County	22,997,388,886	1,950,514	408,298,746	23,407,638,146	12.77
Yolo County	15,484,896,707	3,859,365	798,762,018	16,287,518,090	8.88
Placer County	78,779,206	0	219,090	78,998,296	0.04
Solano County	26,605,893	0	198,326	26,804,219	0.01
Total District	\$176,699,513,317	\$32,768,388	\$6,615,877,965	\$183,348,159,670	100.00%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction. Shown below is the 2017-18 assessed valuation in the District by the different jurisdictions located within the District.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
2017-18 Assessed Valuation by Jurisdiction**

Jurisdiction	Assessed Valuation in District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Citrus Heights	\$6,691,484,243	3.65%	\$6,691,484,243	100.00%
City of Davis	8,144,627,749	4.44	8,144,627,749	100.00
City of Elk Grove	19,094,454,503	10.41	19,094,454,503	100.00
City of Folsom	12,952,312,733	7.06	12,952,312,733	100.00
City of Placerville	1,068,409,954	0.58	1,068,409,954	100.00
City of Rancho Cordova	8,060,680,161	4.40	8,060,680,161	100.00
City of Sacramento	47,091,022,683	25.68	47,091,022,683	100.00
City of West Sacramento	6,714,994,092	3.66	6,714,994,092	100.00
Unincorporated El Dorado County	22,339,228,192	12.18	25,803,294,630	86.58
Unincorporated Placer County	78,998,296	0.04	30,313,826,855	0.26
Unincorporated Sacramento County	49,657,246,596	27.08	54,903,412,215	90.44
Unincorporated Solano County	26,804,219	0.01	5,078,151,345	0.53
Unincorporated Yolo County	1,427,896,249	0.78	4,805,919,102	29.71
Total District	\$183,348,159,670	100.00%		

Summary by County:

Sacramento County	\$143,547,200,919	78.29%	\$150,782,862,434	95.20%
El Dorado County	23,407,638,146	12.77	31,432,433,818	74.47
Yolo County	16,287,518,090	8.88	25,951,884,405	62.76
Placer County	78,998,296	0.04	71,193,508,060	0.11
Solano County	26,804,219	0.01	52,178,500,165	0.05
Total District	\$183,348,159,670	100.00%		

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District on the fiscal year 2017-18 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
2017-18 Assessed Valuation and Parcels by Land Use**

	2017-18 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	\$922,508,573	0.52%	1,914	0.36%
Commercial/Office Buildings	24,649,024,238	13.95	12,056	2.29
Vacant Commercial	1,021,759,250	0.58	2,817	0.54
Industrial	14,990,778,078	8.48	6,930	1.32
Vacant Industrial	1,238,280,775	0.70	3,381	0.64
Recreational	998,962,178	0.57	757	0.14
Government/Social/Institutional	481,332,581	0.27	9,811	1.87
Miscellaneous	43,543,787	0.02	5,315	1.01
Subtotal Non-Residential	<u>\$44,346,189,460</u>	25.10%	42,981	8.17%
Residential:				
Single-Family Residence	\$113,913,455,948	64.47%	417,222	79.35%
Condominium/Townhouse	1,890,676,827	1.07	13,528	2.57
Mobile Home	371,417,505	0.21	6,314	1.20
Mobile Home Park	242,981,547	0.14	119	0.02
2-4 Residential Units	3,124,205,246	1.77	18,891	3.59
5+ Residential Units/Apartments	9,360,288,581	5.30	399	0.08
Miscellaneous Residential Improvements	481,843,533	0.27	3,217	0.61
Vacant Residential	2,968,454,670	1.68	23,125	4.40
Subtotal Residential	<u>\$132,353,323,857</u>	74.90%	482,815	91.83%
Total	\$176,699,513,317	100.00%	525,796	100.00%

(1) Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Per Parcel Assessed Valuation of Single-Family Homes

The following table shows the assessed valuation of single-family homes in the District for fiscal year 2017-18.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
2017-18 Per Parcel Assessed Valuation of Single Family Homes**

	<u>No. of Parcels</u>	<u>2017-18 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single-Family Residential	417,222	\$113,913,455,948	\$273,028	\$236,001

<u>2017-18 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	1,140	0.273%	0.273%	\$20,053,207	0.018%	0.018%
\$25,000 - \$49,999	11,182	2.680	2.953	453,812,563	0.398	0.416
\$50,000 - \$74,999	19,687	4.719	7.672	1,238,185,773	1.087	1.503
\$75,000 - \$99,999	22,208	5.323	12.995	1,947,373,391	1.710	3.212
\$100,000 - \$124,999	25,639	6.145	19.140	2,891,830,818	2.539	5.751
\$125,000 - \$149,999	28,892	6.925	26.065	3,976,738,494	3.491	9.242
\$150,000 - \$174,999	30,186	7.235	33.300	4,903,053,001	4.304	13.546
\$175,000 - \$199,999	29,746	7.130	40.429	5,571,751,928	4.891	18.438
\$200,000 - \$224,999	28,079	6.730	47.159	5,962,589,745	5.234	23.672
\$225,000 - \$249,999	27,171	6.512	53.672	6,455,498,665	5.667	29.339
\$250,000 - \$274,999	24,584	5.892	59.564	6,447,153,248	5.660	34.999
\$275,000 - \$299,999	22,620	5.422	64.986	6,494,591,831	5.701	40.700
\$300,000 - \$324,999	20,260	4.856	69.841	6,324,173,756	5.552	46.252
\$325,000 - \$349,999	18,217	4.366	74.208	6,141,112,869	5.391	51.643
\$350,000 - \$374,999	16,361	3.921	78.129	5,923,781,975	5.200	56.843
\$375,000 - \$399,999	13,876	3.326	81.455	5,372,125,218	4.716	61.559
\$400,000 - \$424,999	12,301	2.948	84.403	5,070,334,523	4.451	66.010
\$425,000 - \$449,999	10,383	2.489	86.892	4,538,870,190	3.984	69.994
\$450,000 - \$474,999	8,557	2.051	88.943	3,952,295,019	3.470	73.464
\$475,000 - \$499,999	7,282	1.745	90.688	3,546,251,210	3.113	76.577
\$500,000 and greater	<u>38,851</u>	<u>9.312</u>	<u>100.000</u>	<u>26,681,878,524</u>	<u>23.423</u>	<u>100.000</u>
Total	417,222	100.000%		\$113,913,455,948	100.000%	

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

Appeals of Assessed Value

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

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article 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" in Appendix B.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization,

with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by a County Assessor.

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

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

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

Tax Rates

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

LOS RIOS COMMUNITY COLLEGE DISTRICT TYPICAL TOTAL TAX RATE⁽¹⁾

Sacramento County Portion (TRA 3-005)

	2013-14	2014-15	2015-16	2016-17	2017-18
General	1.0000	1.0000	1.0000	1.0000	1.0000
Sacramento Unified School District	.0181	.0113	.0091	.1277	.1235
Los Rios Community College District	.1225	.1212	.1335	.0141	.0130
Total	1.1406	1.1325	1.1426	1.1418	1.1365

El Dorado County Portion (TRA 54-135)

	2013-14	2014-15	2015-16	2016-17	2017-18
General	1.0000	1.0000	1.0000	1.0000	1.0000
Buckeye Union School District	.0286	.0271	.0255	.0207	.0205
El Dorado Union High School District	.0214	.0199	.0196	.0183	.0164
Los Rios Community College District	.0181	.0113	.0091	.0141	.0130
Total	1.0681	1.0583	1.0542	1.0531	1.0499
El Dorado Irrigation District (Land Only)	.0108	.0102	.0093	.0089	.0038

Yolo County Portion (TRA 4-039)

	2013-14	2014-15	2015-16	2016-17	2017-18
General	1.0000	1.0000	1.0000	1.0000	1.0000
Washington Unified School District	.0695	.0695	.1083	.1082	.1038
Los Rios Community College District	.0181	.0113	.0091	.0141	.0130
Total	1.0876	1.0808	1.1174	1.1223	1.1168

Placer County Portion (TRA 67-004)

	2013-14	2014-15	2015-16	2016-17	2017-18
General	1.0000	1.0000	1.0000	1.0000	1.0000
Elverta Joint Unified School District	.0271	.0348	.0044	.0344	.0207
Twin Rivers Unified School District	.0728	.0950	.0622	.1014	.0867
Los Rios Community College District	.0181	.0113	.0091	.0141	.0130
Total	1.1180	1.1411	1.0757	1.1499	1.1204

Solano County Portion (TRA 62-000)

	2013-14	2014-15	2015-16	2016-17	2017-18
General	1.0000	1.0000	1.0000	1.0000	1.0000
Davis Joint Unified School District	.0220	.0200	.0200	.0192	.0170
Solano County Flood Control District	.0200	.0200	.0200	.0200	.0200
Los Rios Community College District	.0181	.0113	.0091	.0141	.0130
Total	1.0601	1.0513	1.0491	1.0533	1.0500

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

Teeter Plan; Property Tax Collections

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

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

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

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

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

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

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

Source: California Municipal Statistics, Inc.

Top Twenty Property Taxpayers

The top twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2017-18 tax roll, and the assessed valuations thereof, are shown below.

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

LOS RIOS COMMUNITY COLLEGE DISTRICT Top Twenty 2017-18 Local Secured Taxpayers

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2017-18 Assessed Valuation</u>	<u>Percent of Total⁽¹⁾</u>
1. Intel Corporation	Office Building	\$ 684,238,570	0.39%
2. City of Sacramento and The Sacramento Kings	Sports Arena	411,221,200	0.23
3. Oakmont Properties	Apartments	283,312,473	0.16
4. Donahue Schriber Realty Group LP	Shopping Center	258,879,046	0.15
5. Target Corporation	Commercial Stores	226,623,882	0.13
6. Wal Mart Real Estate Business Trust	Commercial Stores	220,272,627	0.12
7. Apple Computer Inc.	Industrial	214,893,313	0.12
8. GPT Properties Trust	Office Building	193,772,582	0.11
9. Harsch Investment Corp.	Office Building	177,569,240	0.10
10. MP Holdings LLC	Office Building	177,374,652	0.10
11. Pac West Office Equities LP	Office Building	177,075,962	0.10
12. Aerojet General Corp.	Industrial	176,005,929	0.10
13. 400 Capitol Mall Owner LP	Office Building	175,630,000	0.10
14. Arden Fair Associates	Shopping Center	144,348,158	0.08
15. Home Depot USA Inc.	Commercial Stores	141,035,297	0.08
16. 500 Capitol Mall LLC	Office Building	138,357,052	0.08
17. 621 Capitol Mall LLC	Office Building	132,505,827	0.07
18. Buzz Oates LLC	Office Building	125,875,020	0.07
19. MSHQ LLC	Office Building	122,068,413	0.07
20. Realty Income Properties	Office Building	<u>121,823,428</u>	<u>0.07</u>
		\$4,302,882,671	2.44%

(1) 2017-18 local secured assessed valuation: \$176,699,513,317.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. and dated November 1, 2017. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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LOS RIOS COMMUNITY COLLEGE DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of November 1, 2017

2017-18 Assessed Valuation: \$183,348,159,670

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 11/1/17</u>
Los Rios Community College District	100.000%	\$324,380,000⁽²⁾
Folsom-Cordova Unified School District School Facilities Improvement Districts	100.000	289,343,695
Natomas Unified School District	100.000	242,103,301
Sacramento Unified School District	100.000	502,412,966
San Juan Unified School District	100.000	441,659,706
Twin Rivers Unified School District	100.000	282,258,590 ⁽³⁾
Other Unified School Districts	Various	181,703,015
High School and School Districts	Various	171,303,245
El Dorado Irrigation District	100.000	485,000
Cameron Community Services District	100.000	7,283,000
Elk Grove Unified School District Community Facilities District No. 1	100.000	205,377,561
City of Folsom Community Facilities Districts	100.000	113,502,251
City of Sacramento Community Facilities Districts	100.000	157,370,000
City of West Sacramento Community Facilities Districts	100.000	131,453,034
Other Community Facilities Districts	100.000	619,848,990
1915 Act and Benefit Assessment Bonds (Estimate)	100.000	390,763,331
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$4,061,247,685
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Sacramento County General Fund Obligations	95.199%	\$ 218,858,597
Sacramento County Pension Obligation Bonds	95.199	881,257,193
Other County Obligations	Various	34,358,920
Los Rios Community College District Certificates of Participation	100.000	700,000
Sacramento Unified School District Certificates of Participation and Pension Obligations	100.000	67,920,000
Twin Rivers Unified School District Certificates of Participation	100.000	66,440,000
Other Unified School District General Fund Obligations	Various	136,045,051
High School District and School District General Fund Obligations	Various	42,251,733
City of Sacramento General Fund Obligations	100.000	762,180,000
Other City General Fund Obligations	100.000	61,908,621
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	94.297	58,151,994
Special District General Fund Obligations	Various	24,832,113
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$2,354,904,222
Less: City of Elk Grove supported obligations		9,410,000
City of Sacramento supported obligations		528,795,961
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$1,816,698,261
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		 \$412,677,780
 GROSS COMBINED TOTAL DEBT		 \$6,828,829,687⁽⁴⁾
NET COMBINED TOTAL DEBT		\$6,290,623,726

Ratios to 2017-18 Assessed Valuation:

Direct Debt (\$324,380,000)	0.18%
Total Direct and Overlapping Tax and Assessment Debt	2.22%
Total Direct Debt (\$325,080,000)	0.18%
Gross Combined Total Debt	3.72%
Net Combined Total Debt	3.43%

Ratios to Redevelopment Incremental Valuation (\$13,825,520,465):

Total Overlapping Tax Increment Debt	2.98%
--	-------

(1) 2016-17 ratios.

(2) Excludes Refunding Bonds.

(3) Former High School and Elementary School bonds.

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

Source: California Municipal Statistics, Inc.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Refunding Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Refunding Bonds to provide certain financial information and operating data relating to the District (an “**Annual Report**”) to the Municipal Securities Rulemaking Board not later than nine months after the end of the District’s fiscal year (which currently would be March 31), commencing March 31, 2018 with the report for the 2016-17 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. This Official Statement shall satisfy the initial Annual Report filing. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter of the Refunding Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the “**Rule**”).

[TO BE UPDATED BASED ON 2017 RESEARCH PROVIDED BY RBC] The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding general obligation bonds and refunding general obligation bonds. See “APPENDIX B - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT - DISTRICT FINANCIAL INFORMATION - Indebtedness of the District.” During the previous five years, instances of non-compliance with prior undertakings are the failure to timely file notices of insured rating downgrades. Although such downgrades were widely known in the bond marketplace, notice of ratings changes may not have been timely made in accordance with the Rule, although such notices were made. These instances of non-compliance have subsequently been remedied.

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

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Refunded Bonds and (b) the “yields” on the amount of proceeds held and invested prior to redemption of the Refunded Bonds and on the Refunding Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Refunding Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

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

CERTAIN LEGAL MATTERS

Absence of Material Litigation

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

Legal Opinion

The proceedings in connection with the issuance of the Refunding Bonds are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel for the District ("**Bond Counsel**"). The opinion of Bond Counsel with respect to the Refunding Bonds will be delivered in substantially the form attached hereto as Appendix D. Certain legal matters will also be passed upon for the District by Jones Hall as Disclosure Counsel ("**Disclosure Counsel**"). The fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Refunding Bonds.

TAX MATTERS

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 Refunding 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 imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Refunding Bonds. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Refunding Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Refunding Bonds, or the amount, accrual or receipt of interest on the Refunding Bonds.

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

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Refunding 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 Refunding Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Refunding Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Refunding Bonds who purchase the Refunding Bonds after the initial offering of a substantial amount of such maturity. Owners of such Refunding Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Refunding 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 Refunding Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Refunding Bond (said term being the shorter of the Refunding 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 Refunding Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Refunding Bond is amortized each year over the term to maturity of the Refunding 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 Refunding 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 Refunding Bonds.

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

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

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

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

RATINGS

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

UNDERWRITING

The Refunding Bonds were sold to RBC Capital Markets, LLC and Stifel, Nicolaus and Company, Incorporated (together, the “**Underwriters**”), pursuant to a bond purchase agreement for the Refunding Bonds. The purchase agreement relating to the Refunding Bonds provides that the Underwriters will purchase all of the Refunding Bonds (if any are purchased), and provides that the Underwriters’ obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriters have agreed to purchase the Refunding Bonds at a price of \$_____ which is equal to the initial principal amount of the Refunding Bonds of \$_____, plus net original issue premium of \$_____, less Underwriters’ discount of \$_____.

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

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 Underwriters and following delivery of the Refunding Bonds will be on file at the offices of the Paying Agent in Sacramento, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District. The District may impose charges for copying, mailing and handling.

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 Underwriters or Owners of any of the Refunding Bonds.

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

**LOS RIOS COMMUNITY COLLEGE
DISTRICT**

By: _____
Vice Chancellor,
Finance and Administration

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDING JUNE 30, 2016**

APPENDIX B

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

General Information

The Los Rios Community College District, (the “**District**”) a political subdivision of the State of California (the “**State**”), was established on July 1, 1964, and commenced operations on July 1, 1965. The District is a multi-campus public community college district serving the greater Sacramento region and provides higher education instruction for the first and second years of college and vocational training. The District is the second largest community college district in the State and one of the largest in the United States, with enrollment projects of almost 77,000 students for fall 2017. The District’s service area includes Sacramento County and portions of Yolo, Solano, Placer and El Dorado counties, with a total area population exceeding 2 million residents.

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

- **American River College (“ARC”)**, founded in 1955, is situated on 153 acres in northern Sacramento and is the largest of the three colleges serving over 30,000 students at its main campus as well as off-campus locations including the Natomas Educational Center in the northwestern area of Sacramento.
- **Sacramento City College (“SCC”)**, founded in 1916, is the seventh oldest public community college in the State and serves over 23,000 students, including educational services provided in Yolo County at the Davis Educational Center and the West Sacramento Center.
- **Cosumnes River College (“CRC”)**, founded in 1970, is situated on 150 acres in south Sacramento, one of the fastest growing regions of the District, and serves more than 14,200 students at its main campus as well as the Elk Grove Center.
- **Folsom Lake College** received its first accreditation on January 19, 2004. Its main campus serves students in the eastern part of Sacramento County. The El Dorado Center of Folsom Lake College serves students in the Placerville area of El Dorado County. The college also has a center in the city of Rancho Cordova which was formally approved by the Board of Governors in March 2016. Total enrollment for the Folsom Lake College exceeds 8,700 students.

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

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

Administration

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

LOS RIOS COMMUNITY COLLEGE DISTRICT Board of Trustees

<u>Trustee Name</u>	<u>Area</u>	<u>Term Expires</u>
Ruth Scribner, President	4	December 2020
Pamela Haynes, Vice President	5	December 2020
Dustin Johnson, Trustee	1	December 2018
Robert Jones, Trustee	2	December 2018
John Knight, Trustee	3	December 2020
Deborah Ortiz, Trustee	6	December 2018
Tami Nelson, Trustee	7	December 2020

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

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Recent Enrollment Trends

The following table shows the number of full-time equivalent student for the District for the fiscal years 2005-06 through 2016-17 (with estimates for Fiscal Year 2017-18).

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Annual Full-Time Equivalent Students
Fiscal Years 2005-06 through 2017-18 (estimated)**

Full-Time Equivalent Students ⁽¹⁾				
Fiscal Year	Achieved	Percentage Change	Reported ⁽²⁾	Percentage Change
2005-06	46,755	--	48,490	--
2006-07	49,409	5.7%	49,188	1.4%
2007-08	55,316	12.0	52,308	6.3
2008-09	59,559	7.7	58,944	12.7
2009-10	59,954	0.7	59,954	1.7
2010-11	56,547	(5.7)	56,547	(5.7)
2011-12	52,626	(6.9)	52,626	(6.9)
2012-13	50,380	(4.3)	50,380	(4.3)
2013-14	49,900	(1.0)	50,211	(0.3)
2014-15	49,853	(0.1)	52,171	3.9
2015-16	50,279	0.9	47,744	(8.5)
2016-17	49,938	(0.7)	52,493	9.9
2017-18 ⁽³⁾	--to come--			

(1) Resident enrollment.
 (2) Includes summer shift.
 (3) Estimate.
 Source: Los Rios Community College District.

Employee Relations

The following table summarizes current bargaining units, contract status and number of employees.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Fiscal Year 2017-18
Bargaining Organization and Contract Dates**

Bargaining Organization	Acronym	Contract Beginning Date	Contract Ending Date	Number of Employees
Los Rios College Federation of Teachers	LRCFT	07/01/17	06/30/20	____ (1)
Los Rios Classified Employees Association	LRCEA	07/01/17	06/30/20	____ (2)
Service Employees International Union	SEIU	07/01/17	06/30/20	____
Los Rios Supervisors' Association	LRSA	07/01/15	06/30/18	____
Management (not an official bargaining unit)	MGMT	n/a	n/a	____
Specific positions (not official bargaining unit)	CONFIDENTIAL	n/a	n/a	____
Total				____

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

District Retirement Systems

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

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. See "APPENDIX A - Audited Financial Statements of the District for Fiscal Year Ending June 30, 2016" and particularly Note 9.

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively

amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Historical STRS Contributions**

Fiscal Year	Contribution
2011-12	\$8,393,726
2012-13	9,134,316
2013-14	9,222,951
2014-15	10,573,510
2015-16	12,979,900
2016-17	
2017-18*	

*Projected.
Source: Los Rios Community College District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately \$96.7 billion as of June 30, 2016 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 ("**AB 1469**"), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.25% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2014-15, 2015-16, and 2016-17 were 8.88%, 10.73%, and 12.58%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2017-18 through fiscal year 2020-21 are set forth in the following table.

**PROJECTED EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2017-18 through 2020-21**

Fiscal Year	Projected Employer Contribution Rate ⁽¹⁾
2017-18	14.43%
2018-19	16.28
2019-20	18.13
2020-21	19.10

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS

provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the “Schools Pool.” Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District’s employer contributions to PERS for recent fiscal years are set forth in the following table.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Historical CalPERS Contributions**

Fiscal Year	Contribution
2011-12	\$7,388,226
2012-13	7,589,804
2013-14	7,809,809
2014-15	8,404,663
2015-16*	8,635,679

*Projected.
Source: Los Rios Community College District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately \$21.8 billion as of June 30, 2016 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District’s employer contribution rates for fiscal years 2014-15, 2015-16, and 2016-17 were 11.77%, 11.85%, and 13.05%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2017-18 through fiscal year 2020-21 are set forth in the following table.

**PROJECTED EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2017-18 through 2020-21⁽¹⁾**

Fiscal Year	Projected Employer Contribution Rate⁽²⁾
2017-18	15.531%
2018-19	18.100
2019-20	20.800
2020-21	23.800

(1) Rates were estimated by PERS in 2017. The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.

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

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

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

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

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

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

contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.

Public Agency Retirement System. The District has also adopted the Public Agency Retirement System Section (“**PARS**”) Section 457 FICA Alternative Retirement Plan. The Plan is covered under Internal Revenue Code, Section 457. Plan participants include all individuals who have worked for the District on or after July 1, 2008, provided that they are not covered by any other retirement program (e.g., PERS or STRS) through District employment. The plan requires a contribution of at least 7.5% of wages. The contribution is split evenly with the employees contributing 3.75% and the District contributing 3.75%. The plan results in savings for both employees and the District. The District’s contribution to the Plan for fiscal year ended June 30, 2016, was \$254,376. Accounts are established in the name of each participant. Contributions are allocated directly to employee accounts. Contributions are allocated directly to employee accounts. Participant account balances are fully vested and nonforfeitable. Participant account balances will be paid in a single distribution or direct rollover to another eligible retirement plan designated by the participant upon retirement or other termination. PARS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PARS annual financial report may be obtained from PARS, 5141 California Avenue, Suite 150, Irvine, California 92617-3069.

Other Post-Employment Benefits (“OPEB”) - Health Care Benefits

Plan Description. The Los Rios Community College Retiree Health Benefits Plan (“**RHBP**”) established an irrevocable trust (the “**Trust**”) that provides for a contribution towards all or a portion of health insurance premiums for eligible members who have retired from service with the District. The RHBP is a single-employer defined benefit health care plan administered by the District. The Trust is administered by the Los Rios Community College District Retiree Health Benefit Oversight Committee appointed by the District.

The RHBP has 893 retirees receiving benefits and 2,154 active participants, of which 1,435 are not yet vested.

Funding Policy. The District’s agreement with employees provides monthly contributions toward health insurance premiums of members who meet the eligibility criteria of their collective bargaining agreement or meet board policy and regulation requirements. The contribution requirements of the RHBP have been established and are reviewed annually by the District. The District has the right to modify, alter, or amend the plan in whole or in part.

The RHBP paid up to \$256 per month for the payment or reimbursement of all or a portion of health insurance premiums of eligible retirees.

Annual OPEB Cost and Net Obligation. The District’s annual OPEB cost (expense) is calculated based on the annual required contribution (“**ARC**”) of the employer, an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the period not to exceed thirty years. During the year ended June 30, 2016, the District contributed \$3,200,000 to the Trust. The value of the accumulated assets in the Trust for the year ended June 30, 2016 was \$109,102,743. The following is the District’s OPEB cost for the year ended June 30, 2016:

**LOS RIOS COMMUNITY COLLEGE DISTRICT
OPEB Cost for Year Ending June 30, 2016**

Normal cost	\$3,599,665
Amortization of Unfunded Actuarial Accrued Liability (UAAL) due to asset and experience	(28,249,691)
Interest to fiscal year end	(95,740)
Annual required contribution (ARC)	--
Interest on Net OPEB Obligation	(160,000)
Adjustment to ARC	3,360,000
Annual OPEB cost	3,200,000
Contributions to the Trust	(3,200,000)
Decrease in OPEB Obligation	--
Net OPEB asset at July 1, 2014	(3,200,000)
Net OPEB asset at June 30, 2015	(\$3,200,000)

Source: Los Rios Community College District 2016 Audited Financial Statement.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net obligation for June 30, 2016, and the preceding years are as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation/(Asset)
June 30, 2013	\$3,568,576	\$--	0.00%	\$812,133
June 30, 2014	(3,771,350)	6,832,248	n/a	(9,791,465)
June 30, 2015	(9,791,465)	3,200,000	n/a	(3,200,000)
June 30, 2016	3,200,000	3,200,000	100	(3,200,000)

Source: Los Rios Community College District 2016 Audited Financial Statement.

District Insurance Coverage

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

The District is a participant in the Alliance of Schools for Cooperative Insurance Program (“**ASCIP**”). ASCIP is a JPA established for the purpose of providing the services, facilities, and items necessary and appropriate for the establishment, operation, and maintenance of a self-insurance system for property, liability, and workers’ compensation claims and losses against public educational agencies who are members thereof. The District only participates in the JPA property and liability programs. Should liability claims exceed amounts funded to ASCIP by all participants, the District may be required to provide additional funding. Should liability claims exceed established ASCIP limits, the District has excess coverage with SELF. ASCIP also provides for additional insurance and risk management programs and services as well as a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding self-insurance for losses and other insurance and risk management programs and services.

DISTRICT FINANCIAL INFORMATION

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Colleges Budgeting and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts.

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Trustees sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

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

Budget Process

The District is required by provisions of the State Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed revenues plus the carry-over fund balance from the previous year. The Board of Governors of the California Community Colleges imposes a uniform budgeting format for all California community college districts. Under current law, the District Board of Trustees approves a tentative budget by July 1 and an adopted budget by September 15 of each fiscal year.

Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2016 Audited Financial Statements were prepared by Gilbert Associates, Inc., Sacramento, California (the "**Auditor**"). Excerpts from the

District's audited financial statements for Fiscal Year ended June 30, 2016 are attached hereto as APPENDIX A.

The District has not requested and the Auditor has not provided any review or update of such statements in connection with inclusion in this Official Statement.

Revenues, Expenditures and Changes in Fund Equity

The following table summarizes the District's revenues, expenses and change in net assets for Fiscal Years 2012-13 through 2016-17 as shown in the District's audited financial statements.

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LOS RIOS COMMUNITY COLLEGE DISTRICT
Summary of Revenues, Expenditures and Changes in Net Assets
For Fiscal Years 2012-13 through 2016-17 (Audited)

	2012-13	2013-14	2014-15	2015-16	2016-17
Operating Revenues					
Tuition and Fees	\$66,850,060	\$66,234,907	\$67,364,592	\$68,227,161	-to come
Less: Scholarship discount and allowances	(42,440,730)	(42,203,226)	(41,786,834)	(40,794,800)	when approved-
Net tuition and fees	24,409,330	24,031,681	25,577,758	27,432,361	
Grants and Contracts, non-capital:					
Federal	13,198,488	8,361,327	7,137,080	7,094,909	
State	17,269,568	20,103,783	34,561,659	64,080,830	
Local	5,948,629	4,782,567	3,492,710	3,201,451	
Auxiliary enterprise sales and charges	19,093,999	19,255,024	19,241,277	17,973,695	
Other operating revenues	2,393,542	2,528,258	2,282,756	2,845,286	
Total Operating Revenues	82,313,556	79,062,640	92,293,240	122,628,532	
Operating Expenses					
Salaries	201,843,437	210,421,606	214,526,247	230,222,137	
Employee benefits	58,872,245	53,626,942	79,074,191	78,065,679	
Supplies, materials and other operating expenses and services	46,846,166	44,443,211	44,185,563	52,769,623	
Utilities	7,661,625	7,751,635	8,212,863	8,580,374	
Depreciation	25,147,917	26,823,578	28,064,230	29,381,116	
Payment to students	25,664	27,603	40,853	25,494	
Total Operating Expenses	340,397,054	343,094,575	374,103,947	399,044,423	
Operating Loss	(258,083,498)	(264,020,935)	(281,810,707)	(276,415,891)	
Non-Operating Revenues (Expenses)					
State apportionments, non-capital	140,268,214	150,544,463	147,276,740	166,577,116	
Education protection account	38,547,050	37,920,228	47,794,800	43,733,807	
Local property taxes	49,571,912	53,572,042	57,789,946	66,244,892	
Lottery, state taxes and other revenues	8,917,706	10,614,322	11,905,745	21,421,843	
Interest income, noncapital	336,935	311,183	650,174	653,825	
Investment expense, noncapital	(95,535)	50,780	(72,032)	(15,719)	
Interest expense	--	--	(528,953)	--	
Amortization of deferred charges	(87,787)	(45,465)	--	--	
Financial aid revenues, federal	114,897,880	108,422,474	99,622,037	95,342,298	
Financial aid revenues, state	4,349,244	4,970,664	5,559,135	7,341,696	
Financial aid expenses	(121,838,585)	(116,016,994)	(107,577,629)	(106,846,968)	
Other non-operating revenues - grants/gifts, non-capital	104,885	334,209	338,314	291,705	
Other non-operating revenues - grants/gifts, misc.	1,902,360	30,640	26,809	32,820	
Total Non-Operating Revenues (Expenses)	236,874,279	250,708,546	262,785,086	294,777,315	
Income (Loss) Before Other Revenues And Expenses	(21,209,219)	(13,312,389)	(19,025,621)	18,361,424	
Other Revenues and Expenditures					
State apportionments, capital	3,806,584	364,647	3,875,449	2,888,238	
Local property taxes and revenues, capital	25,685,384	30,232,701	20,692,269	19,253,346	
Interest income, capital	773,827	194,082	334,063	606,877	
Investment expense, capital	(396,565)	114,380	25,006	(2,320)	
Interest expense on capital asset-related debt	(5,123,949)	(8,271,480)	(4,138,840)	(3,995,314)	
Debt service costs	--	--	(19,479)	(351,977)	
Costs of bond issuance	(1,503,824)	(78,917)	--	--	
Grants and gifts, capital	5,621,099	1,105,544	299,130	155,107	
Loss from disposal of capital assets	23,037	1,319,063	(935,563)	(27,472)	
Increase (decrease) in Net Position	7,676,374	11,667,631	1,106,414	36,887,909	
Net Position, Beg. Of Year, as previously reported	445,147,542	463,446,774	494,014,211	233,321,849	
Cumulative effect of change in account principles	10,622,858	--	(261,798,776) ⁽¹⁾	--	
Prior period adjustment	--	18,899,806	--	--	
Net Position - Beg. of Year, as restated	455,770,400	482,346,580	232,215,435	--	
Net Position - End of Year	\$463,446,774	\$494,014,211	\$233,321,849	\$270,209,758	

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

Source: Los Rios Community College District.

General Fund Budget Summary

The presentation of the District’s audits as summarized in the preceding section is used only for the District’s external audit. The District manages its funds in a different format, including with respect to its budgets. The following table shows the District’s General Fund Budget Summary for fiscal year 2017-18, as compared to actual figures for fiscal year 2016-17, both as set forth in the District’s 2017-18 Adopted Budget.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
General Fund Budget and Fund Balances, Revenues and Expenditures
For Fiscal Year 2017-18**

	2016-17 Actual	2017-18 Adopted Budget
Beginning Balance, July 1		
Uncommitted	\$12,886,241	\$13,713,528
Committed	34,502,125	42,153,581
Restricted	4,676,380	5,539,238
Total Beginning Fund Balance	52,064,746	61,406,347
Revenues:		
State Apportionment & Education Protection Account (EPA) Funds	190,480,653	196,838,393
Basic Allocation Adjustment & COLA	3,613,411	12,631,538
Rancho Cordova Basic Allocation	1,200,699	--
Growth - 2016-17, 0.6%; 2017-18, 0.5% (Z Budget)	1,543,630	1,198,568
Local Property Taxes	76,844,840	76,844,840
Enrollment Fees, 98%: 2016-17 & 2017-18, \$46/unit	16,587,462	16,587,462
Total Base Allocation, COLA & Growth	290,270,695	304,100,801
One Time Only Apportionment & Recalculation Funds	2,024,929	--
Lottery Funds	6,768,659	7,785,786
Other General Purpose	30,615,195	27,878,838
Restricted/Special Programs Revenue	64,824,976	91,583,429
Total Revenue	394,504,454	431,348,854
Total Revenue and Beginning Fund Balance	446,569,200	492,755,201
Expenditures/Appropriations:		
Academic Salaries	149,323,470	165,456,260
Classified Salaries	83,970,474	93,993,359
Employee Benefits	84,723,323	99,284,916
Books, Supplies & Materials	6,495,299	18,498,501
Other Operating Expenses	38,971,591	54,174,291
Capital Outlay	7,338,971	10,957,496
Interfund Transfers/Other Outgo	14,339,725	14,087,608
Total Expenditures/Appropriations and Interfund Transfers	385,162,853	456,452,431
Ending Fund Balance, June 30:		
Uncommitted	13,713,528	16,113,528
Committed	42,153,581	17,543,581
Restricted	5,539,238	2,645,661
Total Ending Fund Balance	61,406,347	36,302,770
Total Expenditures/Appropriations & Ending Fund Balance	\$446,569,200	\$492,755,201

Source: Los Rios Community College District.

District Actions to Address State Funding Reductions

Community college districts in California derive a large percentage of their general fund revenues from the State. See “FUNDING OF COMMUNITY COLLEGE DISTRICT IN CALIFORNIA” below. As a result, they have had to address the impact of reduced revenues which resulted from the general nationwide economic downturn beginning in 2008 and subsequent reductions in education spending by the State. Past actions the District has taken to address reduced State funding include the implementation of expenditure control initiatives, organizational changes, management of reserves, conservative budget planning and management of student enrollment limits.

The State budget situation has shown signs of improvement. In November 2012, California voters passed Proposition 30, which increased income and sales taxes for a temporary period. In November 2016, California voters passed Proposition 55, which extended the increases to personal income tax rates through 2030. Propositions 30 and 55 have resulted in increased State revenues and subsequent increases in education spending. See “-State Funding of Education and Recent State Budgets” below.

Indebtedness of the District

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

2006 Certificates of Participation. In June 2006, the District incurred long-term lease obligations in connection with the financing of a parking garage and related facilities serving the Sacramento City College campus of the District from the proceeds of certificates of participation, which were delivered in the aggregate principal amount of \$7,055,000 (the “**2006 Certificates**”). The 2006 Certificates originally matured through June 1, 2031; however, the issuance included a prepayment option which the District chose to exercise in fiscal year 2014-15, which has reduced the payment period. As of June 30, 2016, the outstanding principal amount of the 2006 Certificates is \$1,044,022, and the final maturity is June 1, 2020.

Election of 2002 General Obligation Bonds. In March, 2002, District voters approved the issuance of up to \$265 million principal amount of general obligation bond to fund specific capital construction projects (the “**2002 Authorization**”). The District has the following series of bonds (or refunding bonds) outstanding pursuant to the 2002 Authorization:

- **2002 Series D General Obligation Bonds**, originally maturing on August 1 in the years 2010 through 2034, these bonds were partially refunded in April 2016 and are outstanding as of January 1, 2018 in the principal amount of \$_____;
- **2002 Series E General Obligation Bonds**, originally maturing on August 1 in the years 2014 through 2038, outstanding as of January 1, 2018 in the principal amount of \$_____;
- **2010 General Refunding Obligation Bonds**, maturing on August 1 in the years 2011 through 2027, outstanding as of January 1, 2018 in the principal amount of \$_____, the proceeds of which were used to refund the District’s 2002 Series A General Obligation Bonds issued under the 2002 Authorization;

- **2011 General Refunding Obligation Bonds**, maturing on August 1 in the years 2012 through 2027, outstanding as of January 1, 2018 in the principal amount of \$_____, the proceeds of which were used to refund a portion of the District's 2002 Series B General Obligation Bonds issued under the 2002 Authorization;
- **2012 General Refunding Obligation Bonds**, maturing on August 1 in the years 2012 through 2030, outstanding as of January 1, 2018 in the principal amount of \$_____, the proceeds of which were used to refund a portion of the District's 2002 Series B General Obligation Bonds and a portion of the District's 2002 Series C General Obligation Bonds, both issued under the 2002 Authorization; and
- **2016 General Refunding Obligation Bonds**, maturing on August 1 in the years 2016 through 2026, outstanding as of January 1, 2018 in the principal amount of \$_____, the proceeds of which were used to refund a portion of the District's 2002 Series D General Obligation Bonds, issued under the 2002 Authorization.

\$27.5 million remains authorized but unissued under the 2002 Authorization.

2008 General Obligation Bond Authorization. In November 2008, voters approved Measure M, a \$475 million general obligation bond authorization for the District (the "**2008 Authorization**"). The proceeds, combined with state capital outlay funds, will provide new facilities to accommodate projected student growth, and will finance modernization of existing facilities and infrastructure. The District has, pursuant to this authorization, issued two series of bonds as follows:

- \$130,000,000 General Obligation Bonds, Election 2008, Series A, maturing on August 1 in the years 2011 through 2035, a portion of which is expected to be refinanced with the proceeds of the Refunding Bonds described herein (see "REFINANCING PLAN"); and
- \$60,000,000 General Obligation Bonds, Election 2008, Series B, maturing on August 1 in the years 2014 through 2038, outstanding as of January 1 2018 in the principal amount of \$_____.

\$285 million remains unissued under the 2008 Authorization.

Board Authorizes Additional Series' of General Obligation Bonds. The District's Board of Trustees at its meeting on November 8, 2017, authorized the issuance of the Refunding Bonds described herein, as well as two additional series of general obligation bonds for the purpose of financing voter-approved bond projects. It is expected that pursuant to such authorization, in February 2018, the District will issue \$27,500,000 principal amount of bonds pursuant to the 2002 Authorization, and \$65,000,000 pursuant to the 2008 Authorization.

Lease and Joint Use Agreement. In November 2008, the District executed Construction Site and Facilities Lease agreements with McCuen Project Services, Inc. to construct a parking facility at Cosumnes River College. In conjunction with this project, on November 4, 2011, the District executed a Lease and Joint Use Agreement with Sacramento Regional Transit District ("**RT**") to lease the multi-level parking structure to RT. The District and

RT have agreed to make joint use of the parking structure and adjacent surface parking. RT's lease payments are the cost of construction. The term of the lease, which commenced in September 2015, is for 51 years with the option to extend for two, consecutive 5-year terms. The parking structure was completed and opened in June 2013.

Operating Leases. The District has entered into various operating leases for buildings with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation upon written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. The amount of rental expenditures during the year ended June 30, 2016, was \$294,817. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2017	\$196,663
2018	201,187
2019	209,847
2020	205,612
Total	813,309

Source: Los Rios Community College District

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

Investment of District Funds

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

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

General

California community college districts (other than Basic Aid districts, as described below) receive operating income from (i) a State portion funded from the State's general fund, (ii) a local portion derived from the community college district's share of the county-wide property tax; (iii) revenues generated from the community college district's operations, consisting mainly of student fees and sales, and (iv) federal government grants and transfers.

State Funding System; FTES

Senate Bill 361, which was signed by the Governor on September 29, 2006 ("**SB 361**"), revised the previously existing community college funding system. The funding system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the Board of Governors of the California Community Colleges (the "**Board of Governors**") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors is required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding received based on the number of credit and noncredit full-time equivalent students ("**FTES**") in each district. SB 361 also specifies that, commencing with fiscal year 2006-07, the minimum funding per FTES will be:

- (1) not less than \$4,367 per credit FTES (subject to cost of living adjustments funded through the budget act in subsequent fiscal years);
- (2) at a uniform rate of \$2,626 per noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years); and
- (3) set at \$3,092 per FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years) for a new instructional category of "career development and college preparation."

Pursuant to SB 361, the Chancellor of the California Community Colleges (the "**Chancellor**") developed criteria for one-time grants for districts that would have received more funding under the prior system or a proposed rural college access grant than under the new system and the Budget Act of 2006.

The following table shows the District's recent funding per FTES and total funding.

**LOS RIOS COMMUNITY COLLEGE DISTRICT
Program-Based Funding
Fiscal Years 2011-12 through 2016-17 (Actual)
and 2017-18 (Estimated)**

Fiscal Year	Base Revenue per Unit of FTES	Funded FTES	Unfunded FTES ⁽¹⁾	Total Funding ⁽²⁾
2011-12	\$4,859	48,168	4,298	\$234,026,508
2012-13	4,948	48,892	1,608	241,910,531
2013-14	4,995	50,040	169	249,952,757
2014-15	5,058	52,171	--	263,890,577
2015-16	5,334	52,199	--	278,445,080
2016-17	5,533	52,463		290,270,695
2017-18 ⁽³⁾		52,463		

(1) In each fiscal year, the State budget will establish 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 provided for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.

(2) Total Funding is a function of base revenue per unit of FTES, funded FTES as well as other factors.

(3) Estimate.

Source: Los Rios Community College District.

Local revenues are first used to satisfy a community college district's expenditures. The major local revenue source is local property taxes that are collected from within district boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the district. Property taxes and student enrollment fees are applied towards fulfilling the district's financial need. 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 State legislature to the district. The sum of the property taxes, student enrollment fees, and State aid generally comprise the district's total funding allocation. "**Basic Aid**" 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. Basic Aid districts do not receive any funds from the State. The current law in California allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts 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 Basic Aid 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.

STATE FUNDING OF EDUCATION AND RECENT STATE BUDGETS

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

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 two-thirds 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 (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. 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.

Recent State Budgets

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

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

section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget," includes the text of proposed and adopted State Budgets.
- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)."

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included, among others, the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget-cutting measures that were implemented or could have been implemented if certain State budgeting goals were not met, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2017-18 State Budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

2017-18 State Budget

On June 27, 2017, the Governor signed the 2017-18 State budget (the "**2017-18 State Budget**") into law. The 2017-18 State Budget calls for the spending of \$125.1 billion from the general fund, \$54.9 billion from special funds and \$3.3 billion from bond funds. The 2017-18 State Budget includes a funding increase of \$3.1 billion for K-14 education, an expanded tax credit for low-wage workers and puts an additional \$1.8 billion into the State's budget stabilization reserve, bringing the rainy-day fund balance to \$8.5 billion, or 66% of the constitutional target. Significant features of the 2017-18 State Budget relating to California community colleges include:

- An increase of \$382 million for increased operating expenses, cost-of-living adjustments, and enrollment changes;
- A one-time increase of \$150 million for grants to community colleges to develop an integrated, institution-wide approach to student success;
- \$618,000 General Fund and \$458,000 in reimbursement authority for six new positions and funding for a second Deputy Chancellor to support the Chancellor's priorities to provide greater leadership and technical assistance to community colleges and improve student outcomes;

- An increase of \$50 million to provide financial aid to community college students;
- A one-time increase of \$20 million to provide funding for the development and implementation of innovative practices;
- An increase of \$10 million (of which \$5 million is one-time) to develop and enhance veterans' resource centers;
- An increase of \$10 million to provide system-wide access to the Initiative's learning management system;
- A one-time increase of \$6 million to facilitate the development of an integrated library system that, once operational, will allow California community college students access to a cloud-based library system;
- A one-time increase of \$76.9 million for deferred maintenance, instructional equipment, and specified water conservation projects; and
- A total of \$16.9 million from Proposition 51 bond funds for initial design activities for 15 community college facilities projects.

Availability of 2017-18 State Budget

The complete 2017-18 State Budget is available from the California Department of Finance website at www.ebudget.ca.gov. The District can take no responsibility for the continued accuracy of this Internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated in this Official Statement by such reference. The information referred to above should not be relied upon in making an investment decision with respect to the Refunding Bonds.

Uncertainty Regarding Future State Budgets

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

Disclaimer Regarding State Budgets

The State has not entered into any contractual commitment with the District or the owners of the Refunding Bonds to provide State budget information to the District or the owners of the Refunding Bonds. Although they believe the State sources of information listed above are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to in this Official Statement or incorporated herein. However, the Refunding Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 (“**Proposition 13**”), which added Article XIII A to the State Constitution (“**Article XIII A**”). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (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. 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 State Board of Equalization 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 State Board of Equalization ("**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 Refunding 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 percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent 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 percent 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 this proposition 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 provisions 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 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

Proposition 30 appeared on the November 6, 2012 statewide ballot as an initiated constitutional amendment ("**Proposition 30**"), and it was approved by State voters. Proposition 30 increased the State sales tax from 7.25 percent to 7.50 percent, increased personal income tax rates on higher income brackets for seven years, and 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 is 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 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$340,000 but less than \$408,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for joint filers).

The revenues generated from the temporary tax increases are 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 school 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.

California Senate Bill 222

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

Future Initiatives and Other Statutes

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

APPENDIX C

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

The District's service area includes all of Sacramento County (78.2% of the District's assessed valuation is located in Sacramento County) and portions of El Dorado, Yolo, Solano and Placer counties (each, a "County"; collectively, the "Counties"). The following information concerning the Counties is included only for the purpose of supplying general information regarding the area of the District. The Refunding Bonds are not a debt of the Counties, the State of California (the "State") or any of its political subdivisions (other than the District), and neither the Counties, the State nor any of its political subdivisions (other than the District) is liable therefor.

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

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

El Dorado County. El Dorado County, located in east-central California, encompasses 1,805 square miles of rolling hills and mountainous terrain. El Dorado County's western boundary contains part of Folsom Lake, and the eastern boundary is the California-Nevada State line. El Dorado County is topographically divided into two zones. The northeast corner of El Dorado County is in the Lake Tahoe basin, while the remainder of El Dorado County is in the "western slope," the area west of Echo Summit. This landscape invites residents and tourists alike to enjoy outdoor recreation activities year-round. There are two municipalities within El Dorado County. The largest city in the County is South Lake Tahoe, with a 2017 population estimate of 21,024. The City of Placerville, the County seat, is located 45 miles northeast of Sacramento. El Dorado County is also included in the Sacramento-Roseville-Arden-Arcade MSA.

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

Population

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

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

<u>Calendar Year</u>	<u>Sacramento County</u>	<u>El Dorado County</u>	<u>Yolo County</u>	<u>State of California</u>
2013	1,445,806	181,997	204,953	37,966,471
2014	1,456,230	183,287	208,246	38,357,121
2015	1,470,912	184,917	209,393	38,714,725
2016	1,496,619	184,371	215,552	39,189,035
2017	1,514,770	185,062	218,896	39,523,613

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

Employment and Industry

The following table provides estimates of the labor force, civilian employment and unemployment for the Sacramento-Roseville-Arden-Arcade MSA for the years 2012 through 2016. Sacramento County, along with Yolo County, Placer County, and El Dorado County, are part of the Sacramento-Arden Arcade-Roseville MSA.

The unemployment rate in the Sacramento-Roseville-Arden-Arcade MSA was 5.2% in August 2017, up from a revised 5.1% in July 2017, and below the year-ago estimate of 5.3%. This compares with an unadjusted unemployment rate of 5.4% for the State and 4.5% for the nation during the same period. The unemployment rate was 4.8% in El Dorado County, 4.5% in Placer County, 5.4% in Sacramento County, and 5.2% in Yolo County.

SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA
El Dorado, Placer, Sacramento, Yolo Counties
Employment by Industry
March 2016 Benchmark
(Annual Averages; Not Seasonally Adjusted)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Civilian Labor Force ⁽¹⁾	1,049,500	1,046,800	1,049,200	1,060,200	1,073,300
Employment	941,100	956,100	974,100	998,100	1,017,300
Unemployment	108,300	90,800	75,100	62,100	56,000
Unemployment Rate	10.3%	8.7%	7.2%	5.9%	5.2%
Wage and Salary Employment ⁽²⁾					
Agriculture	8,600	8,900	9,200	9,300	9,200
Mining and Logging	400	500	500	600	500
Construction	38,400	43,300	45,400	49,900	54,500
Manufacturing	33,900	34,100	35,400	36,300	36,200
Wholesale Trade	25,200	25,000	24,500	24,600	25,500
Retail Trade	91,800	93,800	95,300	97,500	100,600
Transportation, Warehousing and Utilities	22,000	22,900	23,600	24,600	25,900
Information	15,600	14,800	13,900	14,200	13,800
Finance and Insurance	35,700	36,300	35,500	37,100	37,500
Real Estate and Rental and Leasing	12,500	13,100	13,400	13,900	14,400
Professional and Business Services	111,100	114,600	118,200	119,700	128,600
Educational and Health Services	125,600	130,700	134,300	140,300	145,900
Leisure and Hospitality	84,500	88,700	91,800	94,900	99,800
Other Services	28,600	29,000	30,200	30,800	31,200
Federal Government	13,700	13,500	13,600	13,700	14,100
State Government	108,200	109,900	113,400	115,400	116,600
Local Government	99,600	99,200	100,800	102,900	104,600
Total, All Industries ⁽³⁾	<u>855,300</u>	<u>878,200</u>	<u>898,800</u>	<u>925,400</u>	<u>958,700</u>

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

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

SACRAMENTO COUNTY MAJOR EMPLOYERS (As of October 2017)

Employer Name	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (Mfrs)
Air Resources Board Tstg Off	Sacramento	Engineers-Environmental
Ampac Fine Chemicals Llc	Rancho Cordova	Electronic Equipment & Supplies-Mfrs
Ca Department of Insurance	Sacramento	Government Offices-State
California Prison Ind Auth	Folsom	Government Offices-State
Corrections Dept	Sacramento	State Govt-Correctional Institutions
Delta Dental of California	Rancho Cordova	Insurance
Department-Conservation	Sacramento	Recycling Consultants
Dept of Transportation In Ca	Sacramento	Government Offices-State
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Dept	Sacramento	Government-Job Training/Voc Rehab Svcs
Environmental Protection Agcy	Sacramento	State Government-Environmental Programs
Exposition & Fair	Sacramento	Government Offices-State
Intel Corp	Folsom	Semiconductor Devices (Mfrs)
Kaiser Permanente South	Sacramento	Hospitals
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Hospitals
Sacramento Bee	Sacramento	Newspapers (Publishers/Mfrs)
Sacramento Municipal Utility	Sacramento	Utility Contractors
Sacramento State	Sacramento	Schools-Universities & Colleges Academic
Smud	Sacramento	Electric Companies
State Compensation Ins Fund	Sacramento	Insurance
Sutter Medical Ctr-Sacramento	Sacramento	Hospitals
University of Ca Davis Med Ctr	Sacramento	Hospitals
Water Resource Dept	Sacramento	Government Offices-State

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2018 1st Edition.

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

**EL DORADO COUNTY
Major Employers
(As of October 2017)**

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

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2018 1st Edition.

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

**YOLO COUNTY
Major Employers
(As of October 2017)**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Bel Air Markets	West Sacramento	Grocers-Retail
Cache Creek Casino Resort	Brooks	Casinos
California State Teachers'	West Sacramento	Health Services
Coventry Workers Comp Svc	West Sacramento	Workmen's Compensation Consultants
D & G Mortgage Group Inc	Davis	Internet Service
Dennis Blazona Construction	West Sacramento	Construction Companies
Mariani Nut Co	Winters	Nuts-Edible
Norcal Beverage Co	West Sacramento	Vending Machines-Manufacturers
Pacific Coast Producers	Woodland	Canning (Mfrs)
Procurement Office	West Sacramento	State Government-General Offices
Promega Corp	Madison	Biotechnology Products & Services
Raley's Family of Fine Stores	West Sacramento	Business Management Consultants
Raley's Pharmacy	West Sacramento	Pharmacies
Rite Aid Customer Support Ctr	Woodland	Distribution Centers (Whls)
Sutter Davis Hospital	Davis	Hospitals
Target Distribution Ctr	Woodland	Distribution Centers (Whls)
Teachers' Retirement System	West Sacramento	Government Offices-State
Tony's Fine Foods	West Sacramento	Food Products-Retail
Ucd Coffee House	Davis	Restaurants
University of California Davis	Davis	Schools-Universities & Colleges Academic
Ups Customer Ctr	West Sacramento	Mailing & Shipping Services
Walmart Supercenter	Broderick	Department Stores
Woodland Healthcare	Woodland	Hospitals
Woodland Healthcare Foundation	Woodland	Health Services
Yolo County District Attorney	Woodland	Government Offices-County

Source: California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2018 1st Edition.

Effective Buying Income

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

The following table summarizes the total effective buying income for the Counties, the State, and the United States for the period 2012 through 2016.

**SACRAMENTO, EL DORADO AND YOLO COUNTIES,
STATE OF CALIFORNIA AND UNITED STATES
Effective Buying Income- 2012 through 2016**

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
2012	Sacramento County	\$28,956,570	\$43,682
	El Dorado County	5,207,083	54,870
	Yolo County	4,470,890	47,054
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	Sacramento County	\$29,591,998	\$44,536
	El Dorado County	4,829,780	52,204
	Yolo County	4,479,433	45,886
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	Sacramento County	\$30,629,048	\$45,938
	El Dorado County	5,395,993	58,399
	Yolo County	4,666,760	46,609
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	Sacramento County	\$33,033,628	\$47,932
	El Dorado County	5,353,528	54,408
	Yolo County	4,798,125	47,879
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	Sacramento County	\$35,596,193	\$50,219
	El Dorado County	6,287,714	62,284
	Yolo County	5,164,305	48,638
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043

Source: The Neilson Company Inc.

Commercial Activity

Sacramento County. Total taxable sales during the first two quarters of calendar year 2016 in Sacramento County were reported to be \$11.31 billion, a 5.72% increase over the total taxable sales of \$10.70 billion reported during the first two quarters of calendar year 2015.

A summary of historic taxable sales within Sacramento County during the past five years in which data is available is shown in the following tables. Annual figures for calendar year 2016 are not yet available.

**SACRAMENTO COUNTY
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>
2011	22,198	\$12,502,808	31,682	\$18,003,765
2012	22,211	13,366,459	31,507	19,089,848
2013	22,629	14,171,006	31,709	20,097,095
2014	23,147	14,649,693	32,143	21,061,901
2015 ⁽¹⁾	23,543	15,221,223	35,584	22,043,196

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

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

El Dorado County. Total taxable sales during the first two quarters of calendar year 2016 in El Dorado County were reported to be \$1.02 billion, a 6.86% increase over the total taxable sales of \$958.64 million reported during the first two quarters of calendar year 2015.

A summary of historic taxable sales within El Dorado County during the past five years for which data is available is shown in the following table. Annual figures are not yet available for calendar year 2016.

**COUNTY OF EL DORADO
Taxable Transactions
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>
2011	3,849	\$1,189,421	5,589	\$1,651,689
2012	3,939	1,267,343	5,627	1,740,172
2013	4,144	1,373,546	5,783	1,877,143
2014	4,320	1,421,406	5,974	1,946,126
2015 ⁽¹⁾	2,343	1,481,255	6,619	2,058,534

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

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

Yolo County. Total taxable sales during the first two quarters of calendar year 2016 in Yolo County were reported to be \$1.92 billion, a 0.73% decrease from the total taxable sales of \$1.93 billion reported during the first two quarters of calendar year 2015.

A summary of historic taxable sales within Yolo County during the past five years for which data is available is shown in the following table. Annual figures are not yet available for calendar year 2016.

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

Year	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	2,493	\$1,782,900	3,978	\$3,247,541
2012	2,510	1,937,656	4,012	3,475,345
2013	2,594	2,055,518	4,075	3,700,252
2014	2,621	2,146,998	4,119	3,781,449
2015 ⁽¹⁾	1,799	2,197,865	4,512	3,984,801

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

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

Construction Activity

Sacramento County. The following table shows a five-year summary of the valuation of building permits issued in Sacramento County.

SACRAMENTO COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2012	2013	2014	2015	2016
<u>Permit Valuation</u>					
New Single-family	\$248,826.3	\$388,935.7	\$361,339.4	\$547,340.7	\$611,073.6
New Multi-family	48,632.8	13,637.4	30,113.7	108,510.7	83,282.9
Res. Alterations/Additions	143,291.7	201,418.7	179,207.0	241,507.7	255,821.8
Total Residential	\$440,750.8	\$603,991.8	\$570,660.1	\$897,359.1	\$950,178.3
New Commercial	\$155,651.6	\$146,191.2	\$186,318.0	\$165,016.0	\$489,080.1
New Industrial	648.1	1,360.7	2,178.5	0.00	150.0
New Other	3,788.0	22,007.6	73,961.0	92,108.8	126,750.6
Com. Alterations/Additions	248,426.0	279,324.0	261,776.1	394,305.5	418,862.1
Total Nonresidential	\$408,513.7	\$448,883.5	\$524,233.6	\$651,430.3	\$1,034,842.8
<u>New Dwelling Units</u>					
Single Family	1,290	1,764	1,547	2,358	276
Multiple Family	343	145	226	815	609
TOTAL	1,633	1,909	1,773	3,173	885

Source: Construction Industry Research Board, Building Permit Summary.

El Dorado County. The following table shows a five-year summary of the valuation of building permits issued in El Dorado County.

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

	2012	2013	2014	2015	2016
<u>Permit Valuation</u>					
New Single-family	\$51,963.9	\$116,123.0	\$155,902.6	\$237,724.2	\$315,047.3
New Multi-family	33,132.7	4,913.4	5,605.8	0.0	0.0
Res. Alterations/Additions	<u>49,227.5</u>	<u>51,096.6</u>	<u>44,067.1</u>	<u>35,275.2</u>	<u>35,732.9</u>
Total Residential	\$134,324.1	\$172,133.0	\$205,575.5	\$272,999.4	\$350,780.2
New Commercial	\$10,431.3	\$63,119.4	\$12,847.7	\$39,880.2	\$17,550.6
New Industrial	28.7	340.0	244,305.0	0.0	167.6
New Other	270.2	14,386.6	19,730.3	28,128.8	49,335.5
Com. Alterations/Additions	<u>9,653.6</u>	<u>19,524.6</u>	<u>22,756.5</u>	<u>17,758.5</u>	<u>24,003.1</u>
Total Nonresidential	\$20,383.8	\$97,370.6	\$299,639.5	\$85,767.5	\$91,056.8
<u>New Dwelling Units</u>					
Single Family	123	293	396	574	799
Multiple Family	<u>115</u>	<u>46</u>	<u>32</u>	<u>0</u>	<u>0</u>
TOTAL	238	339	428	574	799

Source: Construction Industry Research Board, Building Permit Summary.

Yolo County. The following table shows a five-year summary of the valuation of building permits issued in Yolo County.

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

	2012	2013	2014	2015	2016
<u>Permit Valuation:</u>					
New Single-family	\$60,110.3	\$86,248.0	\$70,403.7	\$106,087.1	\$158,444.1
New Multi-family	5,367.2	61,974.4	215.0	16,608.6	23,248.1
Res. Alterations/Additions	<u>22,236.7</u>	<u>22,517.0</u>	<u>21,821.5</u>	<u>27,605.8</u>	<u>36,036.0</u>
Total Residential	\$87,714.2	\$170,739.4	\$92,440.20	\$150,301.5	\$217,728.2
New Commercial	\$104,171.0	\$44,776.7	\$82,228.0	\$25,413.5	\$66,119.3
New Industrial	26,832.8	3,683.7	5,131.8	410.5	1,200.0
New Other	135.0	19,160.8	12,445.2	16,154.4	31,119.8
Alterations/Additions	<u>36,903.8</u>	<u>64,466.6</u>	<u>59,904.1</u>	<u>50,896.2</u>	<u>26,781.0</u>
Total Nonresidential	\$168,042.6	\$132,087.8	\$159,709.1	\$92,874.6	\$125,200.1
<u>New Dwelling Units</u>					
Single Family	245	306	218	355	576
Multiple Family	<u>47</u>	<u>516</u>	<u>2</u>	<u>81</u>	<u>122</u>
TOTAL	292	822	220	436	698

Source: Construction Industry Research Board.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

December __, 2017

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

OPINION: \$_____ Los Rios Community College District
 (Sacramento County, California)
 2018 General Obligation Refunding Bonds

Ladies and Gentlemen:

We have acted as bond counsel to the Los Rios Community College District (the "District") in connection with the issuance by the District of its Los Rios Community College District (Sacramento County, California) 2018 General Obligation Refunding Bonds in the aggregate principal amount of \$_____ (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the "Bond Law"), and a resolution of the Board of Trustees of the District (the "Board") adopted on November 8, 2017 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

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

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

1. The District is duly established and validly existing as a community college district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution 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 authorized, executed and delivered by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Sacramento County is obligated under the laws of the State of California to cause to be levied a tax without limit as to rate or amount upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.

4. 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 imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 Code which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Resolution and in other instruments relating to the Bonds to comply with each of such requirements; and the District has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
LOS RIOS COMMUNITY COLLEGE DISTRICT
(Sacramento County, California)
2018 General Obligation Refunding Bonds

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Los Rios Community College District (the “District”) in connection with the issuance of \$ _____ aggregate principal amount of Los Rios Community College District School District (Sacramento County, California) 2018 General Obligation Refunding Bonds (the “Bonds”). The Bonds are being issued under a Resolution adopted by the Board of Trustees of the District on November 8, 2017 (the “Bond Resolution”). The District covenants and agrees as follows:

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

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms 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 that is nine months after the end of the District’s fiscal year (currently March 31 based on the District’s fiscal year end of June 30).

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

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

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

“*Participating Underwriter*” means the original purchaser 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 provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing no later than March 31, 2018 with the report for the 2016-17 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

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

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

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

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year, as follows:

- (i) total assessed valuation of taxable properties in the District;
- (ii) assessed valuation of top twenty secured property taxpayers in the District; and
- (iii) property tax collection delinquencies for the District, but only if *ad valorem* taxes for general obligation bonds are not collected on the County of Sacramento's Teeter Plan and such information is available from the County at the time of filing the Annual Report.

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

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

Section 5. Reporting of Significant Events.

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

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.

- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(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 Resolution.

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

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

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(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Initially, Dale Scott & Company, Inc. shall serve as Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision hereof, 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 under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

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

Section 9. Additional Information. Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is

specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. If the District fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: February __, 2018

**LOS RIOS COMMUNITY COLLEGE
DISTRICT**

By: _____
Vice Chancellor,
Finance and Administration

**DISSEMINATION AGENT
ACCEPTANCE OF DUTIES**

By: _____
Authorized Officer of
Dale Scott & Company, Inc.

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Los Rios Community College District
Name of Bond Issue: \$_____ aggregate principal amount of Los Rios Community College District (Sacramento County, California) 2018 General Obligation Refunding Bonds
Date of Issuance: February __, 2018

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

Dated: _____

DALE SCOTT & COMPANY, INC.,
as Dissemination Agent

By: _____
Authorized Officer

Cc: Los Rios Community College District

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Refunding Bonds, payment of principal, interest and other payments on the Refunding Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Refunding 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 Refunding Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Refunding Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Refunding Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

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

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

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

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

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

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

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

APPENDIX G

SACRAMENTO COUNTY INVESTMENT POLICY AND MONTHLY REPORT