

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 20, 2025

NEW ISSUE—BOOK-ENTRY

RATINGS: Insured (S&P): “_____”
Underlying (S&P): “A+”

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

\$43,000,000*
SUTTER BUTTE FLOOD CONTROL AGENCY
ASSESSMENT REVENUE REFUNDING BONDS,
SERIES 2025

Dated: Date of Delivery

Due: As shown on inside cover

The bonds captioned above (the "Bonds") are being issued by the Sutter Butte Flood Control Agency (the "Agency"), pursuant to applicable provisions of the Government Code of the State of California to (i) refund a portion of certain outstanding bonds of the Agency, (ii) provide funds for a bond insurance and a debt service reserve insurance policy for the Bonds, and (iii) pay costs of issuance of the Bonds including premiums for bond insurance and reserve fund insurance. The Bonds are secured on parity with certain maturities of bonds issued in 2013 and 2015 which are not being refunded by the Bonds (the "Non-Refunded Parity Bonds" described herein), and any additional parity bonds which may be issued in the future.

The Bonds are payable from Assessment Revenues (defined herein) derived from annual assessments (the "Assessments," as described herein) to be levied by the Agency on all benefitted parcels in the Agency's Assessment District (described herein), which Assessments are pledged by the Agency for payment of the Bonds pursuant to an Indenture of Trust, dated as of December 1, 2025 (the "Indenture"), by and between the Agency and U.S. Bank Trust Company, National Association, as Trustee (the "Trustee").

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest is payable on April 1, 2026 and semiannually thereafter on April 1 and October 1. The Bonds will be initially issued only in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which remits such payments to its Participants for subsequent distribution to the registered owners as shown on the Trustee's books as of the fifteenth day of the calendar month immediately preceding each interest payment date. See "THE BONDS - Book-Entry Only System" and "- General Provisions" herein.

The Bonds are subject to redemption prior to maturity as described herein.

A municipal bond insurance policy and a reserve fund insurance policy have been applied for. The underwriter will confirm the use of one or more of the policies prior to pricing.

See "GENERAL RISK FACTORS RELATING TO THE BONDS" herein for a discussion of certain risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds are special obligations of the Agency payable solely from and secured solely by the Assessment Revenues and funds pledged for the Bonds in the Indenture. The Bonds are not a debt or liability of the Agency, the State of California or any of its political subdivisions other than the Agency to the limited extent described herein. None of the faith and credit of the Agency, the State of California or any of its political subdivisions are pledged to the payment of principal of, premium, if any, or interest on the Bonds. None of the Agency (except to the limited extent described herein), the State of California or any of its political subdivisions is liable for the Bonds, nor in any event shall the Bonds or any interest or redemption premium on the Bonds be payable out of any funds or properties other than those of the Agency, as set forth in the Indenture. Neither the Bonds nor the obligation to make payments under the Bonds constitute an indebtedness of the Agency, State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The Agency has no taxing power.

Maturity Schedule
(See Inside Cover)

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Jones Hall LLP, as Bond Counsel. Certain legal matters will also be passed upon for the Agency by Downey Brand LLP, Sacramento, California, as Agency Counsel. Jones Hall is also serving as Disclosure Counsel. Kutak Rock LLP is serving as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery to DTC in New York, New York on or about December ____, 2025.

STIFEL

Dated: ____, 2025.

* Preliminary, subject to change.

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

**SUTTER BUTTE FLOOD CONTROL AGENCY
ASSESSMENT REVENUE REFUNDING BONDS,
SERIES 2025**

MATURITY SCHEDULE

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

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SUTTER BUTTE FLOOD CONTROL AGENCY

Agency Board and Officers

Marc Boomgaarden, *Board Chair*
Mike Ziegenmeyer, *Vice-Chairman of the Board*

Michael Bessette, *Executive Director*
Diona Pope, *Finance Director/Treasurer*
Scott Shapiro of Downey Brand LLP, *Agency Counsel*

County of Sutter

Jeff Stephens
Mike Ziegenmeyer

County of Butte

Bill Connelly
Tod Kimmelshue

City of Yuba City

Marc Boomgaarden
Wade Kirchner

City of Live Oak

Jeremy Chapdelaine

City of Gridley

Bruce Johnson

City of Biggs

Bo Sheppard

Levee District 1

Charlie Hoppin
Al Montna

Levee District 9

Mike Morris
Chris Schmidl

Special Services

Bond and Disclosure Counsel

Jones Hall LLP
San Mateo, California

Municipal Advisor

KNN Public Finance
Berkeley, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

Assessment Administrator

Willdan Financial Services
Temecula, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriter to give any information or to make any representations with respect to the Bonds or the CFD Bonds other than as 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 Agency or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bond Insurance.

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

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 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 exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

\$43,000,000*
SUTTER BUTTE FLOOD CONTROL AGENCY
ASSESSMENT REVENUE REFUNDING BONDS,
SERIES 2025

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the "**Official Statement**"), is to provide certain information concerning the sale and issuance of the Sutter Butte Flood Control Agency Assessment Revenue Refunding Bonds, Series 2025 (the "**Bonds**").

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, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The Bonds are being issued by the Sutter Butte Flood Control Agency (the "**Agency**"), a joint powers agency created by agreement among the Counties of Sutter and Butte, California, the Cities of Yuba City, Live Oak, Gridley and Biggs, and Levee Districts 1 and 9. The Agency was formed to plan and finance a flood control program, and construct and coordinate regional flood control improvements in the Sutter Basin (sometimes called the Yuba City Basin). The Bonds are being issued pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Sections 53570 and 53580 of said Code (the "**Refunding Bond Law**") and pursuant to an Indenture of Trust dated as of December 1, 2025 (the "**Indenture**"), between the Agency and U.S. Bank Trust Company, National Association, as Trustee (the "**Trustee**").

The Bonds are being issued to (i) refund a portion of outstanding bonds of the Agency issued in 2013 and 2015 (ii) provide funding of the premiums for a bond insurance policy and a debt service reserve insurance policy for the Bonds to be issued by _____, and (iii) pay costs of issuance of the Bonds including premiums for bond insurance and a reserve fund insurance. See "THE REFUNDING PLAN."

* Preliminary, subject to change.

The Bonds

The Bonds will bear interest from their dated date at the rates per annum set forth on the cover page hereof, payable semiannually on April 1 and October 1, commencing April 1, 2026 (each, an "**Interest Payment Date**"), and will mature in the amounts and on the dates set forth on the inside cover page hereof.

The Bonds are subject to redemption prior to their maturity. See "THE BONDS - Redemption" herein. The Assessments securing the Bonds do not represent a fixed principal amount and there is no ability of the owners of assessed property to prepay the Assessments.

The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to actual purchasers of the Bonds (the "**Beneficial Owners**") under the book-entry system maintained by DTC. See "THE BONDS – Payment, Registration, Transfer and Exchange of Bonds" and "Book-Entry Only System."

The Assessment District

The Agency's Assessment District (the "**Assessment District**") as described herein, was formed in 2010 to fund a portion of the local share of the cost of constructing levee improvements in the Sutter Basin (described herein) needed to provide the urban portion of the Sutter Basin protection against 200-year flood flows and provide protection against 100-year flood flows within the non-urban portion of the remainder of the Sutter Basin. Annual Assessment amounts have been determined according to a methodology based upon the benefit to be received by each parcel subject to an Assessment, as determined by the Agency's Assessment Engineer.

The Assessment District encompasses properties within a portion of Sutter and Butte Counties, all of the property within the Cities of Yuba City, Live Oak, Gridley and Biggs, and all of the property within Levee Districts 1 and 9. The area is bounded by the Feather River on the east, the Sutter Bypass along a portion of its southwestern boundary, and the Cherokee Canal and the Sutter Buttes on its northwestern and western boundary. The area within the Assessment District relies on levees for flood protection. Significant improvements have been made to these levees to enhance the level of flood protection provided; however, additional work remains to be completed. The Assessments are authorized to be levied on all parcels within the Assessment District to fund the local share of the cost of constructing levee improvements in the Sutter Basin. The levee improvements to provide the urban portion of the Basin protection against 200-year flood flows have been substantially completed. Improvements needed provide protection against 100-year flood flows within the non-urban portion of the remainder of the Basin are ongoing.

The area subject to Assessments encompasses approximately 34,549 parcels having a total 2025/26 assessed valuation of \$12.36 billion. Assessed parcels include approximately 714 publicly-owned parcels responsible for approximately 9% of the Fiscal Year 2025/26 levy; collection of the Assessment on such parcels may be subject to limitations. See "SECURITY FOR THE BONDS - Collection of Delinquent Assessments." The City of Yuba City, with an estimated population of approximately 70,453, is the largest city within the Assessment District. California State Route 99, a major north south highway on the east side of California's Central Valley, runs through the Assessment District, and connects with Interstate 5 at North and South ends of the

Valley. See "APPENDIX C – YUBA CITY AND SUTTER COUNTY DEMOGRAPHIC INFORMATION."

Sources of Payment for the Bonds

The Bonds are secured and payable from "**Assessment Revenues**" derived from annual assessments ("**Assessments**") levied by the Agency upon property in the Assessment District.

Assessment Revenues are defined in the Indenture as all Assessments received by or on behalf of the Agency from properties in the jurisdiction of the Agency under the provisions of the Benefit Assessment Act of 1982, constituting Chapter 6.4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 54703 *et seq.* (the "**1982 Act**"). The term "Assessment Revenues" does not include amounts retained by the County of Sutter or the County of Butte representing an administration fee charged for collecting such assessments.

The Assessments are special benefit assessments authorized to be levied and collected annually on each parcel of property within the Assessment District for the purpose of financing the design, construction, and acquisition of flood control improvements. The procedure under which the Assessments are authorized to be levied was initiated by the Agency and included a ballot procedure whereby owners of property in the Assessment District elected to incur an Assessment obligation secured by a lien upon their property for the purpose of financing flood protection capital improvements of benefit to their property. See "SECURITY FOR THE BONDS" herein.

Pledge of Assessment Revenues. In the Indenture, the Assessment Revenues are pledged to secure the payment of the principal of and interest on the Bonds, the Non-Refunded Parity Bonds described below, and any other Parity Obligations, as described herein in accordance with their terms and the provisions of the Indenture. Annual Assessments are authorized to be levied in an amount at least sufficient to meet annual debt service on the Bonds and Parity Obligations, as well as to pay administrative costs and costs of the Project, as described herein. Except for a small portion that is direct-billed by the Agency, the annual Assessments are collected by the counties of Butte and Sutter (each, the "**County**") on behalf of the Agency on regular property tax bills of property subject to an Assessment and held by the Agency until transferred to the Trustee prior to each Interest Payment Date in an amount sufficient to pay scheduled debt service on the Bonds as it becomes due.

The pledge of the Assessment Revenues by the Agency to pay the Bonds constitutes a first pledge of and lien on the Assessment Revenues, on a parity with the pledge and lien which secures certain outstanding bonds. The Agency may also issue additional bonds or other obligations secured by a parity pledge of the Assessment Revenues under the Indenture, as described herein under the caption "SECURITY FOR THE BONDS – Parity Obligations."

The Assessments and other amounts are pledged to the payment of the Bonds without priority or distinction of one over the other and the pledge of Assessment Revenues is irrevocable until all of the Bonds are no longer Outstanding.

Property subject to the Assessments is comprised of all of the parcels within the Assessment District (currently totaling approximately 34,549 parcels), some of which are publicly owned. Each parcel in the Assessment District is security for the respective Assessment assigned to it. Non-payment of Assessments is subject to the same remedies allowed to be taken

by the respective County for nonpayment of property taxes and could result in proceedings to foreclose title to the delinquent property, however the Agency has no power to institute such proceedings and such proceedings would be conducted by the respective County to foreclose title to the delinquent property. The Assessment levied on each parcel is the responsibility only of the individual parcel on which it is levied. In the event of delinquency in the payment of any Assessment, remedy for payment may only be pursued against the delinquent parcel. The Assessments do not constitute the personal indebtedness of the owners of assessed parcels and proceedings to collect directly from an owner are not permitted.

The Assessments levied in Butte County are expected to be collected under the County's "Teeter Plan" (described in "SECURITY FOR THE BONDS - Tax Loss Reserve Fund - "Teeter Plan") according to which the Agency will receive 100% of the annual Assessment levies in Butte County, however Butte County may terminate the Teeter Plan or the Assessment District's inclusion in it at any time. The Assessments levied in Sutter County are not collected under that County's Teeter Plan. In fiscal year 2025/26, approximately 92% of the total Assessments levied in both counties were levied on property in Sutter County. See "SECURITY FOR THE BONDS."

See "GENERAL RISK FACTORS RELATING TO THE BONDS" herein for a discussion of certain risk factors that should be considered in evaluating the investment quality of the Bonds.

Bond Insurance; Reserve Fund Insurance. Concurrently with the issuance of the 2025 Bonds, _____ ("_____" or the "**Bond Insurer**") will issue its Municipal Bond Insurance Policy for some or all of the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds that are insured when due, as set forth in the form of the Policy included as Appendix G to this Official Statement. The Bond Insurer will also provide a reserve fund insurance policy (the "**Reserve Insurance**") to be credited to the reserve fund established for the Bonds. See "BOND INSURANCE" and APPENDIX G.

Parity Obligations. The Agency has previously issued its Assessment Revenue Bonds Series 2013 (the "**2013 Bonds**") in the principal amount of \$41,035,000 and Assessment Revenue Bonds Series 2015 (the "**2015 Bonds**") in the principal amount of \$47,070,000 to finance or refinance construction of certain public capital improvements related to levee improvements and flood control. The Bonds will refinance all or a portion of the 2013 Bonds and the 2015 Bonds. See "THE REFUNDING PLAN."

The Agency may issue additional bonds secured by the Assessment Revenues on parity with the lien of the Bonds and the Non-Refunded Parity Bonds (defined herein). Issuance of Parity Obligations is required to be in accordance with the provisions of and subject to the conditions set forth in the Indenture. See "SECURITY FOR THE BONDS - Parity Obligations."

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall LLP, San Mateo, California, as Bond Counsel. U.S. Bank Trust Company, National Association, San Francisco, California, will serve as the Trustee. Jones Hall also is serving as Disclosure Counsel. Kutak Rock, Irvine, California, will serve as counsel to the Underwriter. KNN Public Finance, Berkeley, California, is serving as Municipal Advisor to the Agency.

All proceedings in connection with the formation of the Assessment District were undertaken by Downey Brand LLP, Sacramento, California, as Agency Counsel. The current administrator of the Assessment District is Willdan Financial Services, Temecula, California.

Definitions

Definitions of certain capitalized terms used, and not otherwise defined, in this Official Statement are set forth in "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

THE REFUNDING PLAN

In 2013, the Agency issued its Assessment Revenue Bonds Series 2013 (the “**2013 Bonds**”) in the original principal amount of \$41,035,000, and, in 2015, the Agency issued its Assessment Revenue Bonds Series 2015 (the “**2015 Bonds**”) in the original principal amount of \$47,070,000. The 2013 Bonds were issued to finance the construction of certain public capital improvements related to levee improvements and flood control. The 2015 Bonds were issued to refund a Loan Agreement and Note in connection with a non-revolving line of credit providing for up to the \$25,000,000 face amount which had been drawn in the amount of approximately \$14.737 million, and to finance the construction of certain public capital improvements related to levee improvements and flood control.

The Bonds are being issued to refund certain outstanding maturities of the 2013 Bonds and 2015 Bonds. The 2013 Bonds to be refunded (the “**Refunded 2013 Bonds**”) are listed on the following table. The 2013 Bonds listed as “unrefunded” are referred to herein as the “**Non-Refunded 2013 Bonds**”). The 2015 Bonds to be refunded (the “**Refunded 2015 Bonds**”) are listed on the following table. The 2015 Bonds listed as “unrefunded” are referred to herein as the “**Non-Refunded 2015 Bonds**”). The Refunded 2013 Bonds and Refunded 2015 Bonds are together referred to herein as the “**Refunded Bonds**”).

Sutter Butte Flood Control Agency Outstanding 2013 Bonds Refunding Plan

Maturity	Coupon	Principal	Refunded *	Non-Refunded *	CUSIP
2026	5.000%	\$830,000	\$830,000		869398 AN7
2027	5.000%	1,395,000	1,395,000		869398 AP2
2028	5.000%	1,465,000	1,465,000		869398 AQ0
2029	5.000%	1,540,000	1,540,000		869398 AR8
2030	5.000%	1,615,000	1,615,000		869398 AS6
2031	5.000%	1,695,000	1,695,000		869398 AT4
2032	3.625%	1,780,000	1,780,000		869398 AU1
2033	3.750%	1,845,000	1,845,000		869398 AV9
2038 ^t	4.000%	10,350,000	10,350,000		869398 AW7
2043 ^t	4.000%	12,545,000	-	\$12,545,000	869398 AX5
Total		\$35,060,000	\$22,515,000	\$12,545,000	

* Preliminary, subject to change.

^t term maturity

**Sutter Butte Flood Control Agency
Outstanding 2015 Bonds Refunding Plan**

Maturity	Coupon	Principal	Refunded *	Non-Refunded *	CUSIP
2026	5.000%	\$1,655,000	\$1,655,000		869398 BG1
2027	5.000%	1,215,000	1,215,000		869398 BH9
2028	5.000%	1,275,000	1,275,000		869398 BJ5
2029	3.375%	1,335,000	1,335,000		869398 BK2
2030	3.500%	1,385,000	1,385,000		869398 BL0
2031	3.625%	1,435,000	1,435,000		869398 BM8
2032	3.625%	1,485,000	1,485,000		869398 BN6
2033	3.750%	1,540,000	1,540,000		869398 BP1
2034	3.750%	1,595,000	1,595,000		869398 BQ9
2035	3.750%	1,650,000	1,650,000		869398 BR7
2040 ^t	5.000%	9,545,000	9,545,000		869398 BS5
2045 ^t	4.000%	11,960,000	-	\$11,960,000	869398 BT3
Total		\$36,075,000	\$24,115,000	\$11,960,000	

* Preliminary, subject to change.

^t term maturity

A portion of the proceeds of the Bonds will be transferred to U.S. Bank Trust Company, National Association, as escrow bank (the “**Escrow Bank**”) under an Escrow Agreement dated as of the Closing Date (the “**Escrow Agreement**”), between the Agency and the Escrow Bank. Pursuant to the Escrow Agreement certain proceeds of the Bonds will be irrevocably deposited and invested to _____, 2025 for the redemption of the Refunded Bonds. Accordingly, upon the delivery of the Bonds, the Refunded Prior Bonds will be defeased and the Non-Refunded Parity Bonds will remain outstanding.

SOURCES AND USES OF FUNDS

The anticipated sources and uses of funds relating to the Bonds are as follows:

Sources of Funds

Par Amount of Bonds
Net Original Issue Premium
Total Sources:

Uses of Funds

Deposit to Escrow
Costs of Issuance ⁽¹⁾
Total Uses:

(1) Includes Underwriter's discount; fees of Bond Counsel, Municipal Advisor and Disclosure Counsel; initial fees, expenses and charges of the Trustee; rating agency fee, bond insurance and reserve insurance premiums and other costs of issuance.

THE BONDS

General Provisions

The Bonds are being issued pursuant to the Indenture and provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Sections 53570 and 53580 of said Code (the "**Refunding Bond Law**"). The Bonds will be dated their date of delivery, and will be issued in the aggregate principal amounts set forth on the inside cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside cover page hereof, payable semiannually on each April 1 and October 1, commencing April 1, 2026 (each, an "**Interest Payment Date**"), and will mature in the amounts and on the dates set forth on the inside cover page hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Book-Entry Only System. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to actual purchasers of the Bonds (the "**Beneficial Owners**") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined herein) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See "APPENDIX F – DTC AND THE BOOK-ENTRY-ONLY SYSTEM."

Payment on the Bonds. The principal or redemption price of the Bonds will be payable to the Owner thereof upon surrender thereof in lawful money of the United States of America at the Corporate Trust Office by wire transfer on each principal and mandatory redemption payment date to "Cede & Co." or its registered assign, as sole registered Owner. Interest on the Bonds shall be payable by check mailed by first class mail on each Interest Payment Date and upon the written request of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds who has provided the Trustee with wire transfer instructions on or before the applicable Regular Record Date, by wire transfer on each Interest Payment Date to the Owner thereof as of the close of business on the Regular Record Date. The Regular Record Date for the Bonds shall be the fifteenth (15th) day of the calendar month immediately preceding the relevant Interest Payment Date.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM" below.

Interest on any Bond shall cease to accrue (i) on the maturity date thereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount thereof, plus interest accrued thereon to such date; or (ii) on the redemption date thereof, provided there has been irrevocably deposited with the Trustee an amount sufficient to pay the redemption price thereof, plus interest accrued thereon to such date. The Owner of such Bond shall not be entitled to any other payment, and such Bond shall no longer be Outstanding and entitled to the benefits of the Indenture, except for the payment of the principal amount or redemption price, as appropriate, of such Bond.

Redemption

Optional Redemption. The Bonds maturing on or before October 1, 20__, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after October 1, 20__, are subject to redemption in whole, or in part among maturities on such basis as set forth in a Certificate of the Agency filed with the Trustee, and in any event by lot within a maturity, at the option of the Agency, from any available source of funds, on any Business Day on or after October 1, 20__, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest to the redemption date, without premium.

Mandatory Sinking Account Redemption. The Bonds due on October 1, 20__ and October 1, 20__, are being issued as Term Bonds which are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on October 1 in the respective years as set forth in the following tables; *provided, however*, that if some but not all of the Term Bonds have been redeemed under the optional redemption provisions of the Indenture, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on such basis as shall be designated by the Agency.

\$ _____ Term Bonds Maturing October 1, 20 _____

Sinking Fund Redemption Date (October 1)	Principal Amount To Be Redeemed
	\$

(Maturity)

\$ _____ Term Bonds Maturing October 1, 20 _____

Sinking Fund Redemption Date (October 1)	Principal Amount To Be Redeemed
	\$

(Maturity)

Notice of Redemption. The Trustee on behalf and at the expense of the Agency shall give notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Municipal Securities Rulemaking Board and to the Securities Depositories, at least 20 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so given nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date

of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds shall not accrue from and after the redemption date.

The Agency has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall give notice of any rescission of redemption in the same manner in which the notice of redemption was originally given. The actual receipt of notice of such rescission shall not be a condition precedent to rescission and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. The Agency and the Trustee shall have no liability to the Owners of any Bonds, or any other party, as a result of the Agency's decision to rescind any redemption of the Bonds.

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

Selection by Trustee of Bonds to be Redeemed. Whenever provision is made for the redemption of less than all of the Bonds of a single maturity, the Trustee shall select the Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all of such Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Payment, Registration, Transfer and Exchange of Bonds

Transfer and Exchange of Bonds. Any 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 a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds. Whenever any Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Agency shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any

Bonds. The Agency shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

The Trustee may refuse to transfer or exchange any Bonds selected by the Trustee for redemption, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

Book-Entry Only System

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in "APPENDIX F — DTC and the Book-Entry-Only System" herein. The Bonds shall be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of Cede & Co. as nominee of DTC (or any other nominee of the Depository designated pursuant to the Indenture).

DEBT SERVICE SCHEDULE

The annual debt service on the Bonds based on the interest rates and maturity schedule set forth on the cover of this Official Statement is set forth below, as well as the annual debt service on the Non-Refunded Parity Bonds.

SUTTER BUTTE FLOOD CONTROL AGENCY Assessment Revenue Refunding Bonds, Series 2025 Debt Service

Period Ending (October 1)	2025 Bonds Principal	2025 Bonds Interest	2025 Bonds Total*	Non-Refunded Parity Bonds*	Parity Bonds Total*
2026			\$4,400,469	\$980,200	\$5,380,669
2027			4,370,750	980,200	5,350,950
2028			4,369,500	980,200	5,349,700
2029			4,362,500	980,200	5,342,700
2030			4,369,750	980,200	5,349,950
2031			4,370,250	980,200	5,350,450
2032			4,369,000	980,200	5,349,200
2033			4,370,750	980,200	5,350,950
2034			4,370,000	980,200	5,350,200
2035			4,366,500	980,200	5,346,700
2036			4,370,000	980,200	5,350,200
2037			4,364,750	980,200	5,344,950
2038			4,370,750	980,200	5,350,950
2039			2,122,000	3,295,200	5,417,200
2040			2,115,750	3,297,600	5,413,350
2041			0	5,506,200	5,506,200
2042			0	5,502,600	5,502,600
2043			0	5,501,600	5,501,600
2044			0	2,687,800	2,687,800
2045			0	2,688,400	2,688,400
TOTAL	\$	\$	\$61,062,719	\$41,222,000	\$102,284,719

* Preliminary, subject to change.

SECURITY FOR THE BONDS

General

As described below, the Bonds are payable solely from the Assessment Revenues collected and certain funds available under the Indenture. The Assessments were first levied for the 2010/11 fiscal year.

Bond Financing for the Project. California Government Code Section 54710.5 in the 1982 Act authorized agencies that are authorized to provide flood control services, which include the members of the Agency, to levy assessments to finance the cost of installation and improvements of facilities. The Agency is eligible to exercise these assessment powers and has authorized the Assessments under the 1982 Act. See "SECURITY FOR THE BONDS - Collection of Assessments."

The Assessments are levied annually based on an annual budget for expenditures, which includes debt service on bonds, capital construction costs and other amounts approved by voters as part of the Assessment District formation. The Agency is authorized under Government Code Section 6588 to issue revenue bonds to the public secured by the Assessments. Pursuant to that authority, the Agency issued the 2013 Bonds and 2015 Bonds and may issue additional obligations secured by the Assessment Revenues. As refunding bonds, the Bonds are issued pursuant to the Refunding Bond Law.

The amount of the Assessments to be levied each year is calculated pursuant to a formula set forth in a Final Engineer's Report dated July 14, 2010 (which is attached to this Official Statement as "APPENDIX B - FINAL ENGINEER'S REPORT") prepared by Parsons Brinckerhoff. The Assessments are levied in annual installments and do not represent a fixed amount of principal. Prepayment of the Assessments is not permitted. The security for the Bonds includes Assessments levied on both privately owned and public property, however Assessments levied on privately owned property are expected to exceed annual debt service on the Bonds, a Non-Refunded Parity Bonds. See "Assessment Methodology" below.

Pledge of Assessments. The Bonds are secured by a first pledge of all of the Assessment Revenues and all of the amounts on deposit in the Operating Fund, on a parity with the pledge which secures the Non-Refunded Parity Bonds and any other Parity Obligations which may be issued in the future. In addition, the Bonds (but not any Parity Obligations) shall be secured by a pledge of all of the moneys in the 2025 Bond Service Fund and the 2025 Reserve Fund, including all amounts derived from the investment of such moneys. The Bonds, the Non-Refunded Parity Bonds and any other Parity Obligations which may be issued in the future are equally secured by a pledge, charge and lien upon the Assessment Revenues and amounts on deposit in the Operating Fund without priority for series, issue, number or date. So long as any of the Bonds are Outstanding, the Assessment Revenues and such moneys may not be used for any other purpose; except that out of the Assessment Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

In the Indenture, "**Assessment Revenues**" is defined as all Assessments received by or on behalf of the Agency from properties in the jurisdiction of the Agency under the provisions of the Benefit Assessment Act of 1982, constituting Chapter 6.4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 54703 of said Code,

excluding amounts retained by the County of Sutter or the County of Butte representing an administration fee charged for collecting such Assessments.

The Assessment Revenues and other amounts are pledged to the payment of Bonds without priority or distinction of one over the other, and the Assessment Revenues and other amounts constitute a trust fund for the security and payment of the interest on and principal of the Bonds; but, nevertheless, out of Assessment Revenues and other amounts, certain amounts may be applied for other purposes as provided in the Indenture. The pledge of Assessment Revenues and other amounts made in the Indenture is irrevocable until all of the Bonds are no longer Outstanding.

In the Indenture, the Agency covenants that it will not create any pledge, lien or charge upon any of the Assessment Revenues or other amounts pledged thereunder having priority over or having parity with the lien of the Bonds and the Non-Refunded Parity Bonds while any of the Bonds are Outstanding, except only as permitted in the Indenture with respect to the issuance of Parity Obligations. See "Parity Obligations" below.

Liability of Agency Limited to Assessment Revenues. Notwithstanding anything set forth in the Indenture or in the Bonds, the Agency is not required to advance any moneys derived from any source other than the Assessment Revenues and other assets pledged under the Indenture for any of the purposes mentioned in the Indenture, whether for the payment of the principal or redemption price of or interest on the Bonds or for any other purpose of the Indenture.

Collection of Assessments

The Agency covenants in the Indenture that, so long as any of the Bonds are Outstanding, and subject to the maximum amounts that it is authorized to levy, it will take all actions as may be required to levy and collect or cause the appropriate officials of Sutter County and Butte County to levy and collect all Assessment Revenues which the Agency is authorized to levy on properties in the jurisdiction of the Agency. To the maximum extent permitted by law and the Final Engineer's Report, the Agency shall cause to be levied and collected in each fiscal year an amount of Assessment Revenues (excluding Governmental Revenues) which is at least equal to 110% of the amount of principal of and interest on the Bonds, the Non-Refunded Parity Bonds and any outstanding Parity Obligations coming due in the Bond Year which begins in such fiscal year. See "GENERAL RISK FACTORS RELATING TO THE BONDS - Levy and Collection of the Assessments" and " - Covenant to Levy Assessments Not a Guarantee."

"Governmental Revenues" is defined in the Indenture as Assessment Revenues which are imposed on any federal, state or local government agency.

The Agency further covenants that it will comply with all requirements of law to ensure the levy, collection and payment to it of the Assessment Revenues (excluding Governmental Revenues). The Agency shall not enter into any agreement or arrangement which would have the effect of reducing the amount of Assessment Revenues to be received by the Agency.

In comparing the aggregate value of the real property within the Assessment District, it should be noted that only the real property upon which there is a delinquent Assessment can be sold for collection upon, and the real property within the Assessment District cannot be sold as a whole to pay delinquent Assessments of the owners of such parcels within the Assessment District unless all of the property is subject to a delinquent Assessment. In any event, individual parcels may be foreclosed upon to pay delinquent installments of the assessments levied against

such parcels. The principal amount of the Bonds will not be allocated pro-rata among the assessed parcels; rather, the total Assessment has been allocated among the parcels within the Assessment District according to the Final Engineer's Report.

Flow of Funds

The Assessments are collected in the same manner as ordinary *ad valorem* property taxes are collected and are subject to the same penalties and the same procedure, sale by the County, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Accordingly, the majority of Assessments are collected by each County on behalf of the Agency as a part of annual property tax bills. For a small number of properties, the Agency bills Assessments directly to the property owner. Direct billed assessees include Butte County, the State of California (the "**State**"), various school districts and property of other local agencies. Collected Assessment moneys received will be held by the Agency and subject to the pledge for payment of the Bonds as set forth in the Indenture.

The Agency has previously established the Operating Fund, which the Agency agrees to continue to hold and maintain for the purposes and uses set forth in the Indenture. The Agency shall deposit all Assessment Revenues in the Operating Fund promptly upon the receipt thereof. The Agency shall manage, conserve and apply moneys in the Operating Fund in such a manner that all payments of principal of and interest on the Bonds will be made in full when due.

In addition to withdrawals required to pay the Non-Refunded Prior Bonds under the respective Prior Bond Indentures, and the principal of and interest on the Parity Obligations in accordance with the Parity Obligation Documents, during each Bond Year the Agency shall withdraw amounts on deposit in the Operating Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

- (a) 2025 Bond Service Fund. The Agency shall withdraw from the Operating Fund and pay to the Trustee for deposit into the 2025 Bond Service Fund (which the Trustee shall establish and hold in trust hereunder) an amount which, together with other available amounts then on deposit in the 2025 Bond Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the 2025 Bonds during such Bond Year, including the principal amount of Term Bonds (if any) which are subject to mandatory sinking fund redemption during such Bond Year. The Agency shall make all payments required under this subsection to the Trustee not later than the sixth Business Day preceding the date on which such payments are due to the Bond Owners.

The Trustee shall apply amounts in the 2025 Bond Service Fund solely for the purpose of (i) paying the interest on the Outstanding 2025 Bonds when due and payable (including accrued interest on any 2025 Bonds purchased or redeemed), and (ii) paying the principal of the 2025 Bonds at the maturity thereof or upon the mandatory sinking fund redemption of Term Bonds.

- (b) 2025 Reserve Fund. If the amount on deposit in the 2025 Reserve Fund at any time falls below the 2025 Reserve Requirement, the Trustee shall promptly notify the Agency and the Bond Insurer of such fact. Upon receipt of any such notice, the Agency shall transfer to the Trustee an amount of available Assessment Revenues sufficient to maintain the 2025 Reserve

Requirement on deposit in the 2025 Reserve Fund (including the reimbursement of all amounts due and owing to the Bond Insurer in respect of the Bond Insurance policy or the Reserve Insurance policy). No deposit need be made in the 2025 Reserve Fund so long as the balance therein at least equals the 2025 Reserve Requirement. If the amount on deposit in the 2025 Reserve Fund exceeds the 2025 Reserve Requirement, the Trustee shall transfer such excess amount to the 2025 Bond Service Fund.

If the amount on deposit in the 2025 Bond Service Fund on any Interest Payment Date is insufficient to pay the principal of and interest on the 2025 Bonds then coming due, the Trustee shall (i) immediately notify the Agency and the Bond Insurer in writing of such fact, and (ii) withdraw the amount of such insufficiency from the 2025 Reserve Fund and transfer it to the 2025 Bond Service Fund. On the date on which all 2025 Bonds are retired, any moneys then on deposit in the 2025 Reserve Fund shall be withdrawn by the Trustee and transferred to the 2025 Bond Service Fund to be applied to pay debt service on the 2025 Bonds.

- (c) 2025 Redemption Fund. If the Agency elects to redeem Outstanding 2025 Bonds under the optional redemption provisions of the Indenture, the Agency shall transfer to the Trustee for deposit into the 2025 Redemption Fund (which the Trustee shall thereupon establish and hold under the Indenture) an amount at least equal to the redemption price of the 2025 Bonds, excluding accrued interest, which is payable from the 2025 Bond Service Fund. Amounts in the 2025 Redemption Fund shall be applied by the Trustee solely for the purpose of paying the redemption price of 2025 Bonds. Following any such redemption of the 2025 Bonds, any moneys remaining in the 2025 Redemption Fund shall be transferred by the Trustee to the Agency for deposit into the Operating Fund.
- (d) Surplus. If the amount of Assessment Revenues received by the Agency in any Bond Year exceeds the aggregate amounts required to be paid above from the Operating Fund during such Bond Year, such excess may be applied for any lawful purposes of the Agency, including but not limited to the payment of administrative costs of the Agency and making transfers to a capital fund for the purpose of paying capital costs of the Project.

Tax Loss Reserve Fund - "Teeter Plan"

Some California counties and the other political subdivisions within their boundaries operate under the provisions of Sections 4701 through 4717, inclusive, of the Revenue and Taxation Code of the State of California, commonly referred to as the "**Teeter Plan**," with respect to property tax collection and disbursement procedures. These sections provide an alternative method of apportioning secured taxes whereby agencies levying taxes or assessments through county tax billings may receive from the county 100% of their taxes or assessments at the time they are levied. The county treasury's cash position (from taxes) is insured by a special tax loss reserve fund accumulated from delinquent penalties.

The Assessments levied in Butte County are expected to be collected under Butte County's Teeter Plan, however Butte County may terminate the Teeter Plan or the inclusion of the Assessment District in the plan at any time.

The Assessments levied in Sutter County are not collected under Sutter County's Teeter Plan. In fiscal year 2025/26, the Assessments levied in Sutter County accounted for approximately 92% of the total Assessments levied in both counties.

The Assessments levied on property in Butte County are expected to be collected pursuant to the procedures described above. Thus, so long as Butte County maintains its policy of collecting taxes and Assessments pursuant to said procedures and the Agency meets the Teeter Plan requirements, the Agency will receive 100% of the annual Assessments levied in Butte County without regard to actual collections. There is no assurance, however, that the Butte County Board of Supervisors will maintain its policy of apportioning Assessments pursuant to the aforementioned procedures. The Board of Supervisors of Butte County may discontinue the procedures under the Teeter Plan altogether, or with respect to any tax or assessment levying agency in the respective County, if the rate of secured tax and assessment delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

2025 Reserve Fund

The Agency will establish a reserve fund (the "**2025 Reserve Fund**") to be held by the Trustee for payment of debt service on the Bonds, to be maintained in an amount equal to the "**2025 Reserve Requirement**" which is, as of any date of calculation, an amount equal to 50% of the maximum amount of principal of and interest on the Bonds coming due and payable in the current or any future Bond Year. An amount equal to the 2025 Reserve Requirement shall be maintained in the 2025 Reserve Fund at all times, and any deficiency therein shall be replenished from the first available Assessment Revenues as provided in the Indenture.

The 2025 Reserve Requirement shall be initially maintained in the form of the issuance of a debt service reserve insurance policy (the "**Reserve Insurance**") by the Bond Insurer. Under the terms and conditions of the Reserve Insurance, the Trustee shall deliver to the Reserve Insurer a demand for payment under the Reserve Insurance in the required form at least five Business Days before the date on which funds are required for the purposes set forth in the Indenture. The Trustee shall comply with all of the terms and provisions of the Reserve Insurance for the purpose of assuring that funds are available thereunder when required for the purposes of the 2025 Reserve Fund, within the limits of the coverage amount provided by the Reserve Insurance. All amounts drawn by the Trustee under the Reserve Insurance shall be deposited into the 2025 Reserve Fund and applied for the purposes thereof.

The Agency has no obligation to replace the Reserve Insurance or fund the 2025 Reserve Fund with cash or other security if the Bond Insurer goes bankrupt or is downgraded, or otherwise fails to perform under the Reserve Insurance policy.

Parity Obligations

The Non-Refunded Parity Bonds. The Bonds, the Non-Refunded Parity Bonds, and any Parity Obligations issued in the future are secured by a parity pledge of the Assessment Revenues. See "THE REFUNDING PLAN" and "DEBT SERVICE SCHEDULE" above.

Future Parity Obligations. In addition to the Bonds and the Non-Refunded Parity Bonds, the Agency may issue bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the Agency payable from and secured by a pledge of and lien upon any of the

Assessment Revenues issued or incurred on a parity with the Bonds ("**Parity Obligations**") subject to the following conditions precedent:

- (a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing.
- (b) The amount of Assessment Revenues (excluding Governmental Revenues), as shown by the books of the Agency for the most recent completed Fiscal Year for which audited financial statements of the Agency are available or for any more recent consecutive 12-month period selected by the Agency (including the current Fiscal Year, based on the Assessment Revenues, excluding Governmental Revenues, which have been levied for such Fiscal Year), in any case verified by an Independent Accountant, a Financial Consultant or Assessment Engineer, or shown in the audited financial statements of the Agency, are at least equal to 110% of the amount of Maximum Annual Debt Service.
- (c) Interest on the Parity Obligations shall be payable only on April 1 and October 1, and principal thereof shall be payable only on October 1 in any year in which principal is payable.
- (d) The issuance of such Parity Obligations shall comply with all conditions to the issuance thereof as set forth in the applicable provisions of the Parity Obligation Documents.
- (e) The Agency shall deliver to the Trustee a Certificate of the Agency certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Parity Obligations set forth in the foregoing provisions have been satisfied.

Superior and Subordinate Obligations. The Agency may not issue or incur any additional bonds or other obligations having any priority in payment of principal or interest out of the Assessment Revenues over the Bonds. Nothing in the Indenture limits or affects the ability of the Agency to issue or incur obligations which are either unsecured or which are secured by an interest in the Assessment Revenues which is junior and subordinate to the pledge of and lien upon the Assessment Revenues.

Assessment Methodology

Under various California laws, a governmental agency may fund public services or improvements by levying an assessment on the properties that would receive a special benefit from the services or improvements. A special benefit is a particular and distinct benefit over and above the general benefits conferred on real property located in the district or to the public at large. The cost of the services or improvements must be apportioned among the properties being assessed based on the proportionate special benefit these properties will receive. Moreover, the governmental agency must demonstrate through a balloting process, weighted to reflect these special benefits, that the ballots submitted in opposition to the assessment do not exceed the ballots submitted in favor of the assessment, weighted according to the proportional financial obligation of the affected property.

In connection with the proposal to levy the Assessments, the Agency caused to be prepared a Final Engineer's Report and Addendum to Final Engineer's Report, dated July 14, 2010 and August 8, 2012 respectively (collectively, the **"Final Engineer's Report"**). All properties within the Assessment District were determined by the Assessment Engineer to receive a special flood protection benefit in the form of a substantial reduction in expected flood damages upon completion of the Project. The Final Engineer's Report analyzed the benefit to be received by the property in the Assessment District and assigned, through establishment and application of a formula, the allocable share of the total Assessments which is assignable to each property.

The Assessment Engineer determined that for a relatively wide range of flood events, the Project financed through the Assessments would protect the properties in the Assessment District from the damages to structures, the contents of structures and the land comprising the property they could have otherwise suffered had the Project not been constructed. The special flood damage reduction benefit provided by the Project's flood control improvements will vary based on the size and use of the affected structures, and the relative size and location of the affected property.

The annual Assessment amounts are apportioned among the parcels in the Assessment District based on the proportionate benefits each would receive from the Project. In Fiscal Year 2025/26, the average Assessment for a single-family home is approximately \$110 per year. Approximately 74% of the parcels in the Assessment District are single-family homes responsible for approximately 41% of the Fiscal Year 2025/26 Assessment Levy. Approximately 90% of all single-family parcels had an Assessment less than or equal to \$200 in Fiscal Year 2025/26. The remaining parcels in the Assessment District are predominantly commercial, industrial, agricultural, multi-family residential housing or vacant.

The Assessment roll is updated annually to reflect changes in the parcel characteristics that affect the calculation of Assessments. The same Assessment formula is applied to the changed parcel as to existing parcels. In this way, future land use changes can be accommodated in an equitable manner relative to existing development. The maximum amount of the Assessments that may be levied in future fiscal years in accordance with the methodology approved pursuant to the Assessment proceeding may increase or decrease each year depending on changes in land use category and development within the Assessment District. See "GENERAL RISK FACTORS RELATING TO THE BONDS – Reduction of Assessments" herein.

For a description of the methodology used by the Assessment Engineer to spread the Assessments, see Appendix B hereto.

Priority of Lien

Each installment of the Assessments and any interest and penalties thereon, constitutes a lien on the parcel of land on which it was imposed until the same is paid. Such lien is co-equal to and independent of the lien for general taxes, any other special assessment liens and community facilities district special taxes. See "THE ASSESSMENT DISTRICT— Overlapping Liens" herein.

Collection of Delinquent Assessments

The value of the land within the Assessment District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of an Assessment, there is no accelerated foreclosure remedy; the Agency's only remedy is to recover unpaid Assessments through the respective County's procedure for collection of regular property taxes (i.e., if taxes are unpaid for a period of five years or more, the property is subject to sale by the county). See "GENERAL RISK FACTORS RELATING TO THE BONDS – No Accelerated Foreclosure – Bankruptcy."

Teeter Plan. Under a so-called "Teeter Plan" which counties have the discretion to adopt an alternative method for allocating delinquent property tax revenues wherein taxes and assessments are apportioned to taxing agencies at 100% of its secured (and supplemental secured) levy (adjusted for roll changes), with the county owning the delinquent receivables. The majority of Assessments are levied on property in Sutter County and Sutter County has not included the Assessments on its Teeter Plan. The collection of Assessments levied within Butte County have been included under Butte County's Teeter Plan; however, no assurance can be given that the Teeter Plan in Butte County will remain in effect with respect to the Assessments during the entire term the Bonds are outstanding. See "SECURITY FOR THE BONDS – Tax Loss Reserve Fund - "Teeter Plan." The remedy for non-payment of Assessments is foreclosure of the property subject to the delinquent Assessment; as such, reductions in Assessment District property values due to a downturn in the economy, natural disasters such as earthquakes or floods, stricter land use regulations or other events could have an adverse impact on the security for payment of the Assessments.

The Agency generally may not be able to foreclose on properties owned by governmental entities in order to collect delinquent Assessments. Currently, approximately 91% of the total amount of Assessments are payable by non-governmental entities. No assurance can be given that effective and timely collection of any delinquent Assessments against governmental agencies can be achieved, particularly against the Federal Government.

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX G for a specimen of the Policy.

[to come, as applicable].

THE PROJECT

Sutter and Butte counties lie in a portion of northern California known as the Sacramento Valley, approximately 40 miles north of Sacramento. The counties are home to significant components of the Sacramento River Flood Control Project, which define an area within the counties known as the Sutter Basin (the "**Basin**"). The Basin is bounded by the Feather River on the east, the Sutter Bypass along a portion of its southwestern boundary, and the Cherokee Canal and the Sutter Buttes on its northwestern and western boundary. Urbanized areas located within the Basin include Biggs, Gridley, Live Oak and Yuba City. This region of northern California has experienced frequent floods in the past, many of which occurred before stream flow data were recorded. Prior to the Agency's formation, information indicated that the level of flood protection in the Basin provided by levees then in place was deficient. In response to those concerns, the Agency was formed in 2007 and the Assessment District was formed in 2010. Since its formation, the Agency has coordinated what is now estimated to be more than 694 million of flood control improvements (the "**Project**") to increase the level of flood protection within the Basin.

Historical Background of the Project. California has over 13,000 miles of levees that protect residential and agricultural lands from the risk of flooding. The Sutter Basin is an area subject to inundation from flood flows in the Feather River and Sutter Bypass. The first organized responses to seasonal floods were simple dirt levees, generally built by farmers to protect their crops and farm properties. The early settlers' levees were often no more than berms of loose dirt, sometimes built over old lake beds and stream channels. Subsequent levees were frequently built on top of those older levees, many of which had leaky foundations of pervious and unstable soils. After major floods in the early part of the 20th century, the US Army Corps of Engineers ("**Corps**") constructed a comprehensive and connected system of levees and bypasses (or overflow channels) to contain the river runoff. Eventually, dams and reservoirs were also built that act as shock absorbers, storing sudden storm runoff to help prevent overtopping levees. Despite these efforts, dozens of flood events, including numerous levee breaches, occurred between 1907 and the late 1990's, resulting in dozens of deaths and tens of millions of dollars in property damage.

The levees along the Feather River and Sutter Bypass are the Sutter Basin's first line of defense against flooding from big Sierra storms. Studies on different segments of Feather River levees showed that areas once thought to be protected could fall into higher-risk zones because those levees did not provide adequate protection against the Federal Emergency Management Agency ("**FEMA**") standard 100-year flood flows, much less the higher 200-year standard set by the State of California for urban areas. The California Department of Water Resources ("**DWR**") conducted exploration, testing and analyses of the levees that surround the Sutter Basin, with review from an independent board of levee experts. The Agency augmented those studies with further detailed engineering studies and a second independent review panel. And finally, the Corps also conducted an independent engineering study of the Basin levees. These studies and reviews concluded that the vast majority of the west levees of the Feather River required rehabilitation in order to provide adequate flood protection.

Implementation of the Project. The Agency developed a comprehensive program of fix-in-place levee rehabilitation (the "**Basin Plan**"), with 2 major projects. Project 1 was designed to provide 200-year protection for the urban areas in the central and northern portions of the Basin, including Yuba City and north. Project 2 was designed to provide 100-year protection for the non-urban areas south of Yuba City.

Project 1 consisted of levee repair/rehabilitation of approximately 37 miles of levees along the right bank of the Feather River from Thermalito Afterbay to Star Bend, and the construction

of the Oroville Wildlife Area Flood Stage Reduction Project (OWA FSR). In October 2021, the Agency deemed Project 1 complete and approved evidentiary documentation upon which its member land use agencies could adopt findings that the improved flood protection system provides 200-year flood protection in the affected urbanized areas in compliance with California State law.

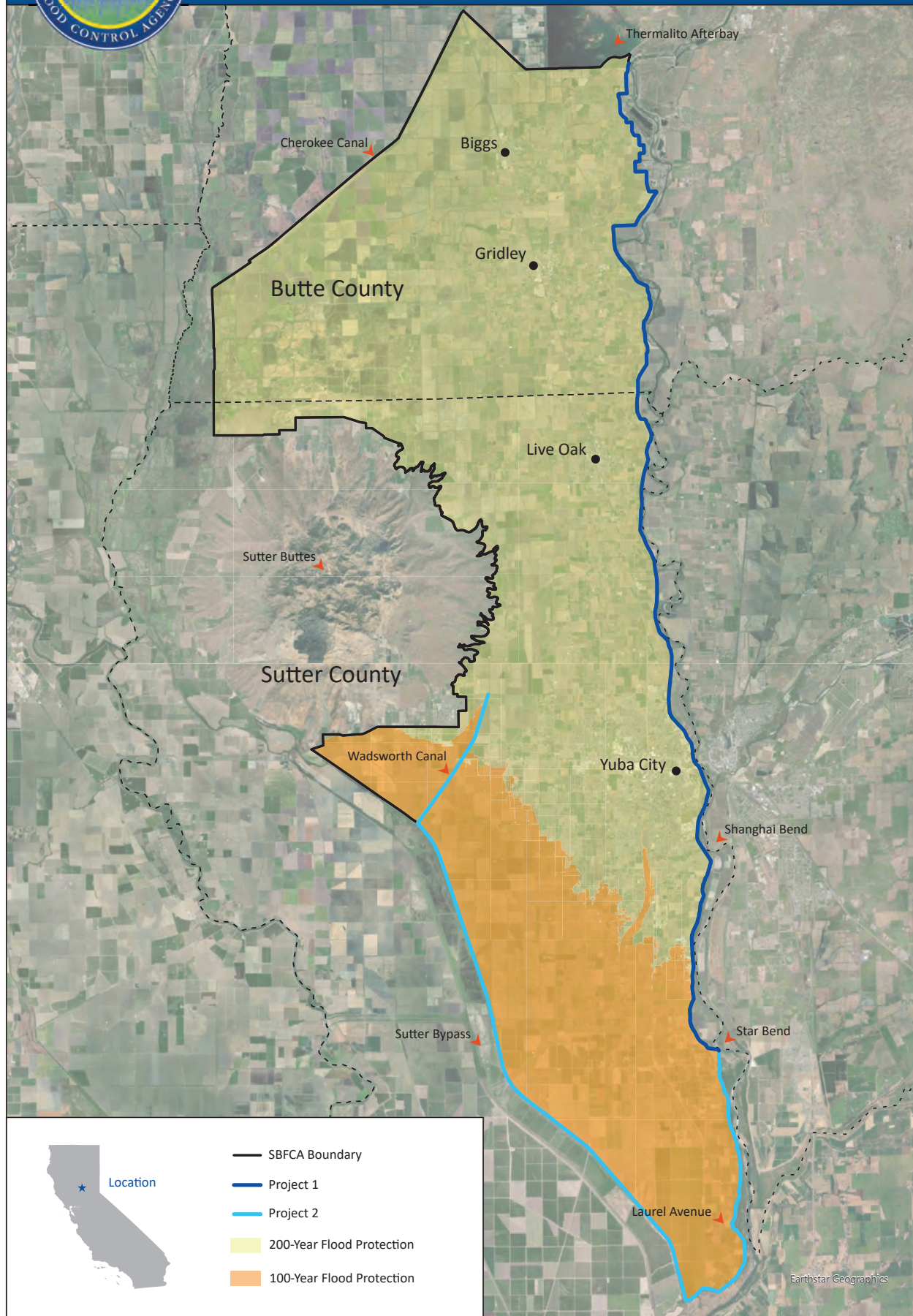
Project 2, now underway, includes (i) rehabilitation of the remainder of the Feather River levee from Star Bend to the Feather River/Sutter Bypass confluence (“TFRR”), (ii) improvements to the Sutter Bypass East Levee (“SBEL”), and (iii) improvements to the Wadsworth Canal levees. The improvements to the Feather River West levee from Star Bend to the Highway 99 Bridge were completed by both the Agency and the Corps in 2022. The balance of the Feather River West levee downstream from the Highway 99 Bridge to the confluence with the Sutter Bypass is currently under construction by the Agency and is expected to be completed in 2026. The Agency is actively designing, in partnership with DWR, improvements to portions of the Sutter Bypass East levee. Design and construction of the Wadsworth Canal project has not yet begun.

The geographic extent and areas that are expected to receive varying levels of flood protection from the Basin Plan projects are depicted in the following map.



Sutter Butte Flood Control Agency

BASIN PLAN MAP



The costs of the Basin Plan as described above, cost sharing and costs completed as of September 2025 are summarized in the following table.

The Agency's share of remaining costs is approximately \$20.3 million, which it expects to fund through an approximately \$5 million contribution from Calpine and Agency cash on hand.

Basin Plan Projected Costs, Cost Sharing and Costs Completed to Date

Component / Area	Total Cost	Estimated Cost Sharing			Costs Completed
		Federal	State	Local	
Project 1					
Project Design	\$30,098,548	\$-	\$22,490,586	\$7,607,962	\$30,098,548
Project Construction	302,431,008	-	231,166,316	71,264,692	302,431,008
Total Project 1 Cost	\$332,529,556	\$0	\$253,656,902	\$78,872,654	\$332,529,556
Share of Project 1 Costs	100.0%	0.0%	76.3%	23.7%	100.0%
Project 2					
Laurel Avenue	\$11,670,000	\$ -	\$9,919,500	\$1,750,500	\$11,670,000
Tudor to Cypress 5 Mile Project	61,684,483	58,600,259	2,158,957	925,267	60,684,483
TFRR Design	2,170,347	-	-	2,170,347	2,170,347
TFRR Construction	15,000,000	-	-	15,000,000	5,213,748
SBEL 5 Mile Repair Design	6,166,037	-	4,000,000	2,166,037	1,695,747
SBEL 5 Mile Repair Construction (1)	60,000,000	45,000,000	12,000,000	3,000,000	-
SBEL 12 Mile Repair Design (2)	15,000,000	-	10,000,000	5,000,000	-
SBEL 12 Mile Repair Construction (2)	150,000,000	112,500,000	37,500,000	-	-
Wadsworth Design (3)	4,000,000	-	4,000,000	-	-
Wadsworth Construction (3)	36,000,000	-	36,000,000	-	-
Total Project 2 Cost	\$361,690,867	\$216,100,259	\$115,578,457	\$30,012,152	\$81,434,325
Share of Project 2 Costs	100.0%	59.7%	32.0%	8.30%	22.5%
Total Basin Plan	\$694,220,423	\$216,100,259	\$369,235,359	\$108,884,806	\$413,963,881
Share of Total Plan Costs	100%	31.1%	53.2%	15.68%	59.6%

(1) Assumed Federal/Non-Federal Share 75%/25%; Non-Federal share split 75%/25% between State and Agency, respectively.

(2) \$5 million of total local cost on Design funding includes anticipated contribution from Calpine. Assumes Federal and State funding not yet secured.

(3) Assumes 100% State funded.

Source: Larsen Wurzel & Associates, Inc., The Agency

Status of Funding. The current estimated total cost of the Basin Plan is approximately \$694 million, including \$331 million for the completed Project 1 and approximately \$362 million for Project 2, of which approximately \$81 million (23%) has been completed to date. The Agency is planning for approximately 32% of the Project 2 cost to be funded with proceeds from future State General Obligation bonds through programs administered by the DWR, and approximately 60% from the federal government through grant programs administered by FEMA. There are no assurances that State or federal funding will be available. The Agency expects that the remaining 8% local share (about \$30 million) of Project 2 costs can be funded from cash on hand, expected reimbursements from the State and a project specific contribution from Calpine. The Agency expects to advance a portion of Project 2 costs ahead of the State and federal government. While the Agency currently does not expect to issue additional Parity Obligations for Project costs, given the uncertainty over the availability of State and federal funding and Project costs and timing, it could consider such an issuance in the future. In any case, the Agency plans to continue levying the assessments at the maximum rates for the foreseeable future.

FEMA Remapping. Prior to the commencement of the Project, FEMA was expected to revise their estimates of flood risk in portions of the Sutter Basin, resulting in the issuance by FEMA of new Flood Insurance Rate Maps ("FIRMs") that show more flood-prone areas and increased flood insurance rates. In 2008, FEMA issued new FIRMs in the southern portions of Sutter County (generally south of Stewart Road). FEMA started a similar procedure for Biggs, Gridley and unincorporated portions of Butte County, and signaled that the rest of Sutter County (including Live Oak and Yuba City) would follow. Since the implementation of the assessments in 2010, completed portions of the Project have reduced the flood risk and resulted in FEMA revising its flood maps removing large portions of the Basin, generally the urbanized areas, from high risk flood zones, while also formalizing the identification of other areas, generally non-urbanized areas, previously known to have flood exposures but not previously identified on older FEMA maps.

Following the completion of the northern section of Project 1 in 2017, a levee accreditation package and Letter of Map Revision (LOMR) request was submitted by the Agency to update the Flood Insurance Rate Maps (FIRMs) issued in Butte County. FEMA approved these by FEMA in 2021.

In February 2023, a levee accreditation package and LOMR request was submitted by the Agency to FEMA to update the FIRMs in Sutter County. As part of this process, an updated analysis of the post-Project 1 floodplain in Sutter County was completed. This analysis formally identified portions of the Assessment District with previously-known flood risks as Special Flood Hazard Zone (FEMA AE Zone) due to the risk riverine flooding. The Assessments on properties within the updated AE Zone are estimated to represent approximately 7% of the 2025/26 assessment levy. See also "GENERAL RISK FACTORS RELATING TO THE BONDS – Flood Risks Prior to Project Completion".

The exact timing of the FEMA approval process is uncertain however formal action isn't expected prior to December 2026. The proposed mapping changes have already been formally adopted by both Sutter County and the City of Yuba City as "best available information" for floodplain administration purposes.

THE ASSESSMENT DISTRICT

Formation of the Assessment District

The Board of Directors of the Agency, by Resolution No. 10-001, adopted on June 16, 2010, as amended, declared its intention to undertake special assessment proceedings pursuant to the 1982 Act to form the Assessment District for the levy and collection of the Assessments in the Assessment District. The Assessment District was formed on July 14, 2010 pursuant to the 1982 Act. The projects to be funded in part by the Agency, which are described in detail in the Final Engineer's Report, generally consist of improvements providing flood protection for residents in the Assessment District boundaries. The Assessments have been levied annually on parcels within the Assessment District boundary since Fiscal Year 2010/11. The procedure under which the Assessments are authorized to be levied was initiated by the Agency and included a ballot procedure whereby owners of property in the Assessment District elected to incur an Assessment obligation secured by a lien upon their property. The ballot proceeding resulted in 72.2% of the weighted ballots received in favor of the Assessments.

Location of the Assessed Property

Sutter and Butte counties lie in northern California approximately 40 miles north of Sacramento in a northern portion of the area known as the Sacramento Valley. The counties are home to significant components of the Sacramento River Flood Control Project which define an area within the counties known as the Sutter Basin. The Sutter Basin is bounded by the Feather River on the east, the Sutter Bypass along a portion of its southwestern boundary, and the Cherokee Canal and the Sutter Buttes on its northwestern and western boundary. The Sutter Basin contains both urban areas and non-urban areas. Urbanized areas located within the Basin include Biggs, Gridley, Live Oak and Yuba City. This region of northern California has experienced floods in the past, many of which occurred before stream flow data were recorded. The southern portion of the Basin is rural and has the potential for the deepest flooding depths.

Assessed Property

Assessments are levied on approximately 34,549 parcels having a total 2025/26 assessed valuation of \$12.36 billion. Assessed parcels include approximately 714 publicly-owned parcels responsible for approximately 9% of the fiscal year 2025/26 Assessment levy; collection of the Assessment on such parcels may be subject to limitations. See "SECURITY FOR THE BONDS - Collection of Delinquent Assessments."

The value of the land within the Assessment District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of an Assessment, there is no accelerated foreclosure remedy; the Agency's only remedy is to recover unpaid Assessments through each County's procedure for collection of regular property taxes. See "SECURITY FOR THE BONDS – Collection of Assessments" and "GENERAL RISK FACTORS RELATING TO THE BONDS – No Accelerated Foreclosure – Bankruptcy."

The collection of Assessments levied in Butte County will initially be included under Butte County's Teeter Plan; however no assurance can be given that the Teeter Plan will remain in effect with respect to the Assessments during the entire term the Bonds are outstanding. See "SECURITY FOR THE BONDS – Tax Loss Reserve Fund - "Teeter Plan." Each County's remedy for non-payment of Assessment is foreclosure of the property subject to the delinquent Assessment; as such, reductions in Assessment District property values due to a downturn in the

economy, natural disasters such as earthquakes or floods, stricter land use regulations or other events could have an adverse impact on the security for payment of the Assessments.

In connection with valuing property in the Assessment District, the Agency has compiled the Fiscal Year 2025/26 assessed valuation of property that is subject to an outstanding Assessment. As provided by Article XIII A of the Constitution of the State of California, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, whichever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the county only upon a change of at least 51% ownership of existing property or upon new construction. The assessed values of parcels in the Assessment District thus reflect the estimate of each County's Assessor (the "Assessor") of market value when acquired (or 1975, whichever is later) for undeveloped parcels, and the Assessor's estimate of market value as of the time of construction for developed parcels, both possibly increased by 2% per year. The actual market value of parcels in the Assessment District, if sold at foreclosure, may be higher or lower than the Assessor's assessed values. The actual fair market value of any parcel can often be more accurately established through an arms-length sale or an appraisal by an independent appraiser.

Other public agencies whose boundaries overlap those of the Assessment District could, without the consent of the Agency and in certain cases without the consent of the owners of the land within the Assessment District, impose additional taxes or assessment liens on the land within the Assessment District. The purpose would be to finance additional regional or local public improvements or services. The lien created on the land within the Assessment District through the levy of such additional taxes or assessments may be on parity with the lien of the Assessments. See "Overlapping Liens" below.

Land Uses in the Assessment District. Parcels in the Assessment District are the subject of various land uses, including residential, commercial and industrial and include both developed and undeveloped land. Land use in the Assessment District and 2025/26 County assessed valuation of property in the Assessment District is summarized below.

**TABLE 1
SUTTER BUTTE FLOOD CONTROL AGENCY
2025/26 Assessed Valuation by Land Use⁽¹⁾**

Description	No. of Parcels	% of Parcels	Assessment Levy ⁽¹⁾	% of Total Levy	2025-26 Assessed Value ^{(2) (3)}	Levy as % of Assessed Value
<u>By Land Use</u>						
Single Family Residential	25,502	73.8%	\$2,796,286	40.6%	\$7,185,009,075	0.04%
Multi Family Residential	1,358	3.9%	439,689	6.4%	775,282,316	0.06%
Commercial	1,248	3.6%	1,420,327	20.6%	1,575,324,415	0.09%
Industrial	449	1.3%	839,962	12.2%	444,904,597	0.19%
Agriculture	4,213	12.2%	610,383	8.9%	2,084,412,724	0.03%
Institution	306	0.9%	741,670	10.8%	189,754,489	0.39%
Vacant	1,473	4.3%	34,319	0.5%	106,623,536	0.03%
Total: ⁽⁴⁾	34,549	100.0%	\$6,882,637	100.0%	\$12,361,311,152	
<u>By Type of Owner</u>						
Non-Governmental:	33,835	97.9%	\$6,238,235	90.6%	\$12,341,766,659	0.05%
Governmental ⁽³⁾ :	714	2.1%	644,401	9.4%	19,544,493	N/A ⁽³⁾
Total: ⁽⁴⁾	34,549	100.0%	\$6,882,637	100.0%	\$12,361,311,152	
<u>By County</u>						
Butte	5,889	17.0%	\$525,735	7.6%	\$1,598,818,777	0.04%
Sutter	28,660	83.0%	6,356,901	92.4%	10,762,492,375	0.06%
Total: ⁽⁴⁾	34,549	100.0%	\$6,882,637	100.0%	\$12,361,311,152	0.09%

⁽¹⁾ The Assessments are levied at their maximum rates on all eligible parcels.

⁽²⁾ Represents assessed value as of July 1, 2025.

⁽³⁾ Most government owned parcels have no assessed valuation.

⁽⁴⁾ Totals may not foot due to rounding.

Source: Willdan Financial Services, Larsen Wurzel & Associates, Sutter County, Butte County and the Agency.

Average and Median Assessment for Single Family Home. The Agency reports that the average annual Assessment for single family homes in Fiscal Year 2025/26 is approximately \$110 and the median is \$93; 90% of single-family home parcels have an Assessment less than or equal to \$200 per year.

Owners of Property With Aggregate Largest Assessments in the Assessment District. Property subject to the Assessments is currently comprised of approximately 34,549 parcels. The following table shows the top 25 Assessment taxpayers for fiscal year 2025-26. Some of the parcels are owned by the public entities where enforcement of payment of the Assessment foreclosure may not be possible. See "GENERAL RISK FACTORS RELATING TO THE BONDS – Government-Owned Properties."

TABLE 2
SUTTER BUTTE FLOOD CONTROL AGENCY
Top 25 Property Assessment Taxpayers – Private and Public Owners
Fiscal Year 2025/26

	Number of Parcels	Primary Use(s)	Amount of Annual Assessment	% of Assessment	FY 2025/26 Assessed Value
Sunsweet Growers Inc	8	Food Processing Plant	\$133,612	1.94%	\$42,189,550
Yuba City Unified School Dist.*	24	Schools	132,772	1.93%	-
Elvs LLC	3	Storage Units	70,565	1.03%	47,409,548
County Of Sutter*	41	Government	67,706	0.98%	-
State Of California*	40	Government	66,605	0.97%	-
Regional Housing Authority*	54	Housing/Government	64,882	0.94%	-
Bains Properties LP	59	Agricultural	54,669	0.79%	55,001,593
City of Yuba City*	100	Government	48,338	0.70%	681,333
Butte House Bel Air Inv-li L	8	Shopping Center	43,936	0.64%	21,615,264
Harter Packing Co LLC	13	Warehouse / Industrial	39,912	0.58%	5,508,144
Wal Mart Real Estate Bus Trust	1	Wal Mart Supercenter	39,315	0.57%	12,982,568
Lowes HIW Inc	1	Home Improvement	36,451	0.53%	15,580,000
ECP/TPB1 LLC	6	Shopping Center	34,173	0.48%	17,647,562
Sams Real Estate Business TR	1	Sam's Club	32,941	0.44%	15,007,800
Biggs Union High School*	5	Schools	30,086	0.41%	-
Miravista LLC	1	Office	27,978	0.40%	36,900,000
Home Depot Usa Inc	1	Home Imp. Store	27,528	0.40%	13,737,985
Yuba City Union High Sch Dist*	19	Schools	27,196	0.38%	-
Winco Foods LLC	1	Food Storage	26,703	0.34%	9,280,000
Live Oak City of*	44	Government	25,977	0.34%	-
United Com Serv	1	Food Storage	23,715	0.31%	34,853,307
AWW2 LP	62	Real Estate	23,222	0.30%	22,683,433
LOMO Cold Storage LLC	2	Industrial	21,617	0.27%	10,778,339
Howard Dryer Company LLC	2	Industrial	20,922	0.27%	8,184,513
Bridge Street QC LLC	1	Multi-Family Residential	18,820	0.24%	21,716,007
Total of Top 25 Payers	498		\$1,114,103	16.19%	\$392,564,820
All others	34,051		\$5,768,533	83.81%	\$11,968,746,332
Total Agency Assessment District	34,549		\$6,882,637	100.00%	\$12,361,311,152

Note: The parcels among the top 25 Assessment taxpayers are in Sutter County with the exception of some of the parcels owned by Bains Properties LP, Biggs Union High School District and the State of California, which are in both Sutter and Butte counties.

* Public entity owners. Public entity owners in the top 25 property assessments accounted for 6.65% of the total 2025/26 Assessments.

Source: Willdan Financial Services.

Neither the Bonds nor the Assessments are personal obligations of any person or entity owning property within the Assessment area or having any interest in such property at the present time or at any time in the future. An owner of land in the Assessment area can elect at any time to not pay Assessments and allow the property to be foreclosed and in doing so, such owner will incur no personal liability for the Assessments, regardless of the amount of proceeds from a foreclosure sale.

Levies and Collections

Other than Assessments on publicly owned property, the Assessments are collected in the same manner as ordinary *ad valorem* property taxes are collected and are subject to the same penalties and the same procedure, sale by the County, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Accordingly, the majority of the Assessments will be collected by each County as a part of annual property tax bills, and Assessment moneys received are forwarded to the Agency and held by the Agency subject to the pledge for payment of the Bonds.

The Agency direct bills certainly publicly owned parcels and certain parcels in Butte County with an assessed valuation of less than \$2,000 (for which Butte County has a non-billing policy). Assessment billings on those properties are sent by the Agency in similar timeframes as County billings. The 2025/26 Assessment levy included approximately \$149,140 in direct-billed Assessments. Collection of Assessments on publicly owned property may be difficult or impossible. See "GENERAL RISK FACTORS RELATING TO THE BONDS – Government-Owned Properties."

An Assessment is levied on each parcel within the Assessment District and only the respective individual parcel is responsible for such Assessment. In the event of delinquency in the payment of any Assessment, the remedy for payment may only be pursued against the delinquent parcel.

The Assessments were first levied in fiscal year 2010/11. The following table shows the Assessment levy and receipts, as available for fiscal years 2010/11 through 2025/26.

TABLE 3
SUTTER BUTTE FLOOD CONTROL AGENCY
Assessment Levies and Receipts
Fiscal Year 2010/11- 2025/26

Fiscal Year	Amount Levied	Receipts ⁽¹⁾⁽²⁾	Receipts as Pct of Levy
2010/11	\$6,476,883	\$6,315,426	97.5%
2011/12	6,540,993	6,405,543	97.9
2012/13	6,580,188	6,755,962	102.7
2013/14	6,558,089	6,565,158	100.1
2014/15	6,586,636	6,623,137	100.6
2015/16	6,586,571	6,615,352	100.4
2016/17	6,618,064	6,797,057	102.7
2017/18	6,628,241	6,763,692	102.0
2018/19	6,626,611	6,696,443	101.1
2019/20	6,630,901	6,670,387	100.6
2020/21	6,678,730	6,726,246	100.7
2021/22	6,696,414	6,835,943	102.1
2022/23	6,706,599	6,716,086	100.1
2023/24	6,806,856	6,675,392	98.1
2024/25	6,842,931	6,741,232	98.5
2025/26	6,882,637	N/A ⁽³⁾	

- (1) Reflects amounts received by Agency through August following the close of the fiscal year. Includes penalties & interest, and, starting fiscal year 2011/12, collection of prior year assessments. The portion of the assessments collected on the Butte County tax roll (approximately 7.42% of the total assessments in fiscal year 2024/25) reflects approximately 100% of the Butte County tax roll levy as the assessments are on the Teeter Plan in Butte County.
- (2) As of June 30, 2025, there was approximately \$269,494 in remaining delinquencies with respect to Assessments levied on the Sutter County tax roll for fiscal years 2010/2011 through 2024/2025. Such remaining delinquencies represent approximately 0.29% of the \$92.375 million in Assessments billed on the Sutter County tax roll in the first fifteen years, inclusive of the Assessments on government-owned property billed on the Sutter County tax roll.
- (3) In process of being collected.

Sources: Willdan Financial Services, Larsen Wurzel & Associates, Sutter County, Butte County, and the Agency.

Overlapping Liens

Agencies that provide public services that overlap the boundaries of the Assessment District may have outstanding certificates of participation and bonds in the form of general obligation, special assessment, special tax, redevelopment or lease revenue bonds. Some impose special assessments and charges without corresponding indebtedness. In general, certificates of participation and redevelopment and lease revenue bonds do not represent obligations for which a property owner is obligated to make a direct payment representing debt service, but instead such obligations can be payable from the general fund of the issuer of such obligation or from property tax increment made available to such issuer.

The following table shows a Debt Report of the direct and overlapping tax and assessment debt for property within the Assessment District as of November 1, 2025, as compiled by California Municipal Statistics, Inc. Neither the Agency nor the Underwriter has independently verified the information in the Debt Report and neither guarantees its completeness or accuracy.

TABLE 4
SUTTER BUTTE FLOOD CONTROL AGENCY ASSESSMENT DISTRICT
Direct and Overlapping Tax and Assessment Debt

2025/26 Local Secured Assessed Valuation: \$12,361,311,152

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/25</u>
Butte-Glenn Community College District General Obligation Bonds	4.81%	\$9,359,734
Yuba Joint Community College District General Obligation Bonds	22.124	34,482,849
Biggs Unified School District	43.538	2,612,281
Gridley Unified School District	84.415	8,855,112
Gridley Unified School District School Facilities Improvement District No. 1	82.816	1,830,235
Live Oak Unified School District General Obligation Bonds	84.151	16,138,459
Yuba City Unified School District School Facilities Improvement District No. 1999-1	86.579	3,096,692
Yuba City Unified School District School Facilities Improvement District No. 2004-1	90.101	5,552,586
Sutter Union High School District General Obligation Bonds	36.861	6,228,019
Brittan School District General Obligation Bonds	24.637	965,758
Franklin School District General Obligation Bonds	97.739	2,160,036
Sutter Butte Flood Control Agency Assessment District	100	71,135,000 ⁽¹⁾
California Statewide Communities Development Authority Assessment District Bonds	100	1,770,047
California Statewide Communities Development Authority Community Facilities District Bonds	100	4,520,010
City of Yuba City Community Facilities District No. 2004-1	95.261	1,270,286
Total Direct and Overlapping Tax and Assessment Debt		\$169,977,104

Ratios to 2025/26 Local Secured Assessed Valuation:

Direct Debt (\$71,135,000): 0.58%

Direct and Overlapping Tax and Assessment Debt: 1.38%

⁽¹⁾ Outstanding 2013 and 2015 Bonds.

Source: California Municipal Statistics, Inc.

Historical and Projected Debt Service Coverage

Historical Coverage. The following table shows historical debt service coverage for the Fiscal Years 2020/21 through 2024/25.

TABLE 5A
SUTTER BUTTE FLOOD CONTROL AGENCY
5 Year Historical Coverage Table
Fiscal Years 2020/21 through 2024/25

	2021	2022	2023	2024	2025
Assessment Revenues					
Non-Governmental Assessments	\$6,151,257	\$6,154,253	\$6,166,870	\$6,193,213	\$6,222,350
Governmental Assessments	<u>517,473</u>	<u>532,161</u>	<u>529,729</u>	<u>603,642</u>	<u>610,580</u>
Total Revenues	\$6,668,730	\$6,686,414	\$6,696,599	\$6,796,855	\$6,832,930
Parity Debt Service					
2013 and 2015 Bonds	\$5,504,931	\$5,503,731	\$5,501,481	\$5,504,231	\$5,501,481
2025 Bonds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Debt Service	\$5,504,931	\$5,503,731	\$5,501,481	\$5,504,231	\$5,501,481
Administrative Expenses	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
Available for Capital Projects	\$413,799	\$432,683	\$445,118	\$542,624	\$581,449
Debt Service Coverage					
All-In Coverage	1.21	1.21	1.22	1.23	1.24
From Non-Governmental Assessments	1.12	1.12	1.12	1.13	1.13

Source: The Agency.

Projected Coverage. The following table shows pro-forma debt service coverage on the Bonds and the Prior Bonds for the Fiscal Years 2025/26 through 2029-30. The information in the table is based on a variety of assumptions which the Agency believes to be reasonable. In the event that actual conditions vary significantly from those assumed by the Agency, there can be no assurances that actual debt service coverage will not materially differ from the projections set forth in the table.

The amount shown in the table for "Assessment Revenues" in each fiscal year is the amount assessed by the Agency in that fiscal year and is assumed to be approximately the same amount as levied in 2024/25. The actual amount received by the Agency in that fiscal year may be less than the amount set forth in the table. As described herein, the Assessment to be imposed on individual properties has been established at specified maximum amounts. Assessments can be levied up to these maximum amounts and only as needed to cover debt service, the costs of flood control projects and administrative expenses. The aggregate amount of Assessments actually collected in any year could decline as a result of significant changes in land use, or delinquencies in payments by land owners.

Currently, the Assessments are generating approximately \$6.8 million annually for flood protection. A portion of the annual Assessment revenue, up to the amount of \$750,000 is available for administration costs. Assessments may increase or decrease as parcels transition among land uses and improvements on the land.

TABLE 5B
SUTTER BUTTE FLOOD CONTROL AGENCY
5 Year Projected Coverage Table
Fiscal Years 2025/26 through 2029-30⁽¹⁾ *

	2026	2027	2028	2029	2030
Assessment Revenues					
Non-Governmental Assessments	\$6,230,642	\$6,230,642	\$6,230,642	\$6,230,642	\$6,230,642
Governmental Assessments	<u>641,994</u>	<u>641,994</u>	<u>641,994</u>	<u>641,994</u>	<u>641,994</u>
Total Revenues ⁽²⁾	\$6,872,636	\$6,872,636	\$6,872,636	\$6,872,636	\$6,872,636
Parity Debt Service ⁽²⁾					
Non-Refunded 2013 and 2015 Bonds*	\$980,200	\$980,200	\$980,200	\$980,200	\$980,200
2025 Bonds ^{(4)*}	<u>4,400,469</u>	<u>4,370,750</u>	<u>4,369,500</u>	<u>4,362,500</u>	<u>4,369,750</u>
Total Estimated Debt Service*	\$5,380,669	\$5,350,950	\$5,349,700	\$5,342,700	\$5,349,950
Administrative Expenses ⁽³⁾	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
Available for Capital Projects ⁽⁴⁾	\$741,968	\$771,686	\$772,936	\$779,936	\$772,686
Debt Service Coverage					
All-In Coverage ⁽⁵⁾	1.28	1.28	1.28	1.29	1.28
From Non-Governmental Assessments ⁽⁶⁾	1.16	1.16	1.16	1.17	1.16

* Preliminary, subject to change.

- (1) Based on actual fiscal year 2025/26 assessment levy per Willdan Financial Services and assumes assessments are levied at the maximum allowable rates as described in the Engineer's Report and zero growth. Excludes an estimated \$10,000 for estimated County administrative fees for collecting the assessments (reflected in historic levies also). Future levies may be reduced to the extent less funds are required for debt service payments, administrative expenses or capital projects (see "SECURITY FOR THE BONDS – Collection of Assessments").
 - (2) Revenues presented for the fiscal year ending June 30 of each year, debt service presented for the bond year ending October 1 of each year.
 - (3) Annual administrative budget for subsequent fiscal year estimated at up to \$750,000 per year per Engineer's Report.
 - (4) Remaining assessment revenues if levied at maximum allowable rates based on fiscal year 2025/26 land use, after payment of debt service and administrative budget.
 - (5) Total fiscal year 2025/26 assessment revenues divided by total estimated parity debt service.
 - (6) Fiscal year 2025/26 non-governmental assessment revenues divided by total estimated parity debt service.
- Note: Maximum annual debt service is currently \$5,506,200, which occurs in the year ending on 10/1/41. Based on FY 2025/26 revenues, all-in maximum annual debt service coverage is approximately 1.25 times, while maximum annual debt service coverage from 2025/26 Non-Governmental Revenues is 1.13 times. Issuance of Parity Obligations, if any, could modestly reduce debt service coverage (see "Parity Obligations" and "THE PROJECT - Status of Funding").

Sources: KNN Public Finance; Willdan Financial Services; Stifel Nicolaus and Company, Incorporated.

GENERAL RISK FACTORS RELATING TO THE BONDS

Flood Risks Prior to Project Completion

Significant portions of the Project described herein to reduce the risk of flood damage to property in the Assessment District have been completed, however, it will take many more years and additional funding from the State and federal governments which have not been committed to complete all of improvements and achieve 100-year flood protection in the southern portion of the Basin. See "THE PROJECT AND THE FINANCING PLAN." The occurrence of a flood or other natural disaster which results in significant damage to property within the Assessment District could materially adversely affect the ability of the Agency to collect Assessments at the levels required to pay debt service on the Bonds in a timely manner.

The Sutter Basin is an area subject to inundation from flood flows in the Sutter Bypass, Wadsworth Canal, and Feather Rivers. Despite past efforts to ward off inundation, levee breaches in 1917, 1955, 1986 and 1997 resulted in major flooding that affected the region, resulting in dozens of deaths and millions of dollars in property damage. The risk of flooding caused by river overflow or heavy rainfall remains significant in the rural portions of Assessment District protected by levees that have not yet been improved, though this area receives increased flood protection due to the completed portions of the Project. Approximately 7% of all assessments, approximately \$500,000 in FY 2025/26, are generated from property with less than 100-year level of protection from levees.

Based on a Levee Accreditation package submitted by the Agency to FEMA related to maps covering Sutter County, FEMA is currently in the process of revising their estimates of flood risks in different portions of the Sutter Basin. Based on the information provided by the Agency, it is expected that the rural portion of the Basin, represented by Areas G1, G2 and G3 in the figure above, will remain in a high-risk flood zone as designated by FEMA. As a result, property owners would continue to be required to purchase flood insurance for buildings covered by loans from banks and mortgage companies with a federal guarantee. These limitations and requirements would remain in effect until the deficiencies in the levee system are adequately corrected.

There can be no assurances that a significant flooding event will not result in damage to or abandonment of properties within the Assessment District, or reduce the willingness and ability of the property owners within the Assessment District to pay Assessments when due, or otherwise materially adversely affect the ability of the Agency to pay debt service on the Bonds in a timely manner.

Project Completion; Funding

The remaining portions of the Project described herein to reduce the risk of flood damage to property in the Assessment District will take several years to complete. See "THE PROJECT AND THE FINANCING PLAN." The completion of the Project and its various remaining components to reduce the risk of flooding could be delayed for a variety of reasons, including but not limited to longer than expected construction periods or higher than expected construction bids. In addition, completion of Project 2 depends in significant part on the availability of federal and State funding. Failure to receive funding at the times and in the amounts contemplated by the Agency could cause significant delays in Project 2 implementation. In addition, changes in regulatory standards could significantly increase the cost of, and time needed to complete, improvements necessary to achieve the Agency's 100-year flood protection objectives in the rural portion of the basin. Any such delays or changes could result in significant delay in the completion of Project 2 or abandonment of planned components, and/or reduce the willingness and ability of the property owners within portions of the Assessment District to pay Assessments when due, or otherwise materially adversely affect the ability of the agency to pay debt service on the Bonds in a timely manner.

Factors Affecting Parcel Value and Aggregate Values

The facts and circumstances concerning the values of the parcels subject to the Assessments that are of importance are not confined to those relating to individual parcel values because the Bonds are not individually secured by particular parcels. The following are some of the factors that may affect the market for and value of particular parcels in the Assessment District.

Geologic, topographic and climatic conditions. Values of parcels can be adversely affected by a variety of natural events and conditions. These include, without limitation:

- geologic conditions such as earthquakes;
- topographic conditions such as earth movements and floods; and
- climatic conditions such as droughts or super storms.

The possibility of the occurrence of some of these conditions and events, particularly as to flood hazards, has been taken into account to a limited extent in the design of public improvements that have been or may be approved by the Agency or other public agencies. Building codes require that some of these conditions be taken into account to a limited extent in the design of private improvements. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change from time to time leaving previously designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria, at the time of their establishment, reflect a balance between the present costs of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Also reflecting that balance are decisions not to impose design criteria at all.

The Agency expects that one or more of these conditions may occur from time to time, and, even with current FEMA and FEMA mapping standards, such conditions may result in damage to property improvements. That damage may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value of the parcels in the Assessment District could depreciate substantially notwithstanding the establishment of design criteria and/or the execution of the mitigation of flood risk measures undertaken by the Agency.

Natural Disasters. The value of the parcels in the Assessment District in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the parcels in the Assessment District and the continued habitability and enjoyment of such private improvements. For example, the areas in and surrounding the Assessment District, like those in much of California, may be subject to earthquakes or other unpredictable seismic activity, however, the Assessment District is not located in a seismic special studies zone.

Other natural disasters could include, without limitation, landslides, floods, droughts, wildfires or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. Although the land in the Assessment District is not in a high-risk area (or a special fire hazard severity zone) for and may occur anywhere throughout the State, with devastating consequences. Damage from destructive natural occurrences is unpredictable and may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of the Assessments, and the value of the parcels may depreciate.

Wildfires. Wildfires have caused extensive damage throughout the State, including within Butte County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes, including the 2018 Camp fire in the Butte County foothills which destroyed most of the town of Paradise. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage.

In 2025, Governor Gavin Newsom issued an Executive Order which canceled penalties, costs and interest on overdue property taxes within certain ZIP codes affected by the Palisades and Eaton Fires during calendar year 2025. In the event of a major fire or other natural disaster affecting the Assessment District a similar order affecting the Assessment District could impact the timely payment of debt service on the Bonds.

A small number of parcels in the Assessment District are within an area of moderate concern, as designated by CAL-FIRE.

Seismic Conditions. The area of the Assessment District, like all California communities, may be subject to unpredictable seismic activity. There are several active and potentially active fault zones that could affect the area.

Climate Conditions. There are current beliefs that greenhouse gas emissions are accumulating in the atmosphere, which may affect climate change. If that belief is correct and accumulations intensify, increasing the frequency, severity and timing of extreme weather events such as storm surges, drought, wildfires, floods and heat waves, and raising sea levels may be a consequence. The future fiscal impact of such climate change on the Agency and the residents and businesses within its boundaries is difficult to predict, but it could be significant and it could have a material adverse effect on the receipt of Assessment Revenues if property owners' ability and willingness to pay their property tax bills is affected.

Legal requirements. Other events that may affect the value of a parcel include changes in the law or application of the law. Such changes may include, without limitation, the following:

- local growth control initiatives;
- local utility connection moratoriums;
- local application of statewide tax and governmental spending limitation measures.

Other Possible Claims Upon the Value of a Parcel

Hazardous substances. While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Assessments is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to released or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act", is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator of a property is obligated to remedy a hazardous substance condition whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect therefore, should any of the parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the current existence on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon delinquency.

Levy and Collection of the Assessments

The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Assessments against property within the Assessment District. The annual levy of the Assessments is subject to the maximum assessment rates authorized. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Assessments, together with other available funds, will not be sufficient to pay debt service on the Bonds. Other funds that might be available include funds derived from the payment of penalties on delinquent Assessments and funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Assessments are delinquent.

The levy of the Assessments will rarely, if ever, result in a uniform relationship between the value of particular assessed parcels and the amount of the levy of the Assessments against such parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of debt service on the Bonds, and certainly not a direct relationship.

The Assessments levied in any particular assessment year on an assessed parcel are based upon the application of the assessment methodology. Application of the assessment

methodology will, in turn, be dependent upon the special benefit provided with respect to each assessed parcel.

The Assessments are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and typically counties will not accept only one or the other. Non-payment is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the applicable County. The Agency has no ability to bring a foreclosure action and is dependent on the applicable County's procedures for enforcement of the lien of the Assessments on delinquent property.

In the event that sales of property are necessary, there could be a delay in payments to owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Agency of the proceeds of sale if the 2025 Reserve Fund is depleted.

Other Governmental Obligations. While the Bonds are not secured by specific parcels, the security only extends to the value thereof that is not subject to priority and parity liens and similar claims relative to the Bonds (i.e., special taxes or assessments). Other governmental obligations may be authorized and undertaken or issued in the future the tax, assessment or charge for which may become an obligation of one or more of the parcels in the Assessment District, and may be secured by liens on a parity with the liens of the Assessments.

In general, as long as installments of the Assessments are collected on the County tax roll, the installments and all other taxes, assessments and charges also collected on the tax roll are on a parity. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Assessments, the Assessments will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Assessments will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis.

No Accelerated Foreclosure

The Assessments are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and non-payment is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the applicable County. ***The Agency has no ability to bring a foreclosure action and is dependent on the applicable County's procedures for enforcement of the lien of the Assessments on delinquent property.***

Bankruptcy. The payment of the Assessments and the ability of the Agency to collect delinquent Assessments, as discussed in "SECURITY FOR THE BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner or any other person claiming an interest in a property subject to the Assessments could result in a delay in collection proceedings and could result in the possibility of annual Assessment installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Proposition 218

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Over the several decades, the voters have exercised this power through the adoption of Proposition 13 and similar measures.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the Agency. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the Bonds.

On November 5, 1996, the voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Reassessments, and Charges—Initiative Constitutional Amendment, added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. The Assessments were authorized by a ballot procedure meeting the requirements of Proposition 218.

Among other things, Section 3 of Article XIIC states that ". . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge."

On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

"Section 3 of Article XIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Therefore, although the matter is not free from doubt, it is likely that Proposition 218 has not conferred on the voters the power to repeal or reduce the Assessments if such reduction would interfere with the timely retirement of the Bonds.

The Assessments were authorized by a ballot procedure meeting the requirements of Proposition 218.

Like its antecedents, Proposition 218 is likely to undergo both judicial and legislative scrutiny before its impact on the parcels in the Assessment District and its obligations can be determined. Certain provisions of Proposition 218 may be examined by the courts for their constitutionality under both State and federal constitutional law. The Agency is not able to predict the outcome of any such examination.

Government-Owned Properties

Proposition 218, discussed herein, for the first time required the assessment of governmentally-owned property that benefits from the improvements. The law thus appears to require governmental agencies to pay the annual Assessments. Under State law, the Agency generally may not foreclose on properties owned by governmental entities in order to collect delinquent Assessments. Currently, approximately 2.1% of the total amount of Assessments are payable by governmental entities. Judicial enforcement of delinquent assessments owed by governmental agencies and/or enforcement of any money-judgment that might be obtained against any governmental entity through the judicial process is uncertain. No assurance can be given that effective and timely enforcement of any delinquent Assessments against governmental agencies can be achieved, particularly against the Federal Government. The Assessments levied against such property likely may not be collected through any County foreclosure proceeding and as such, may be largely unenforceable. For that reason, the Agency expects that it, as well as the County, will be unable to collect the Assessments on government-owned property should the government entity which owns the property elect not to pay the respective Assessments allocated to its property. In the event that collections from private property owners are insufficient, the inability or unwillingness of governmental entities to pay Assessments could adversely affect the ability of the Agency to pay debt service with respect to the Bonds.

Payment of the Assessments Is Not a Personal Obligation

The owners of assessed property are not personally liable for the payment of the Assessments. Rather, the Assessments are obligations only of the property subject to an Assessment. If the value of a parcel of property is not sufficient to fully secure the Assessments on it, the Agency has no recourse against the owner.

Limited Obligation to Pay Debt Service

The Agency has no obligation to pay principal of and interest on the Bonds if Assessment collections are insufficient for that purpose, other than from amounts, if any, on deposit in the 2025 Reserve Fund. The Agency is not obligated to advance its own funds to pay debt service on the Bonds.

Reduction of Assessments

Under the assessment methodology, the amount of the Assessment levied on a parcel in each year is a function of the imputed benefit derived by such property and is not based directly on apportionment of debt service on the Bonds. Accordingly, a reduction in benefit derived by a parcel (such as through change in land use classification of a parcel or the size or existence of improvements on a parcel) could reduce the Assessment levied on such parcel. For example, to the extent improvements on a property are partially or totally destroyed for any reason (including but not limited to the occurrence of a significant flood event) and not rebuilt, the land use classification of the property could be reclassified by the County Assessor and subject to a substantially reduced Assessment. Also, the use of a parcel of property may change and therefore could result in a different classification under the methodology utilized for Assessments.

Covenant to Levy Assessments Not a Guarantee

The ability of the Agency to pay the debt service on the Bonds depends on the ability of the Agency to collect Assessments in the amounts required by the Indenture. Although the Agency expects that sufficient Assessments will be collected, there is no assurance that the levy of Assessments will result in the collection of Assessments in the amounts required by the Indenture. As a result, the Agency's covenant does not constitute a guarantee that sufficient Assessments will be available to make debt service payments on the Bonds.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Matters," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Agency in violation of its covenants in the Indenture. The Indenture does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to be includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Additional Debt

The Agency may incur indebtedness payable from the Assessments on parity with the Bonds and the Non-Refunded Parity Bonds, subject to certain limitations in the Indenture. Other governmental entities or districts having jurisdiction over all or a portion of the land within the Assessment District may also incur debt payable from taxes or assessments on all or a portion of the property within the Assessment District. Nothing prevents the owners of land within the Assessment District from consenting to the issuance of additional debt by other public agencies which would be secured by taxes, including special taxes, payable on an equal priority with the Assessments. To the extent such indebtedness is payable from special taxes or property taxes, such special taxes and property taxes may have a lien on the property within the Assessment District on a parity with the Assessments.

Accordingly, the debt on the property within the Assessment District could greatly increase, without any corresponding increase in the value of the property. The imposition of additional assessments could also reduce the willingness and ability of the property owners within the Assessment District to pay Assessments when due. The Agency has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Assessment District.

Potential Early Redemption of Bonds

As described under “THE BONDS — Redemption – Optional Redemption,” the Agency may choose to effect an optional redemption of the Bonds maturing on a certain date. The optional redemption of such Bonds which were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

Pandemic Diseases

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. Pandemic diseases arising in the future could have significant adverse health and financial impacts throughout the world, leading to loss of jobs and personal financial hardships, and/or actions by federal, State and local governmental authorities to contain or mitigate the effects of an outbreak.

Taxpayer assistance measures may include deferral of due dates of property taxes, which was an assistance program during the COVID-19 pandemic, and with or without a deferral some taxpayers may be unable to make their property and assessment payments. No assurance can be given that the property tax payment dates will not be deferred in the future, which may cause a delay in the receipt of Assessments. In addition, home values may be affected by a reduction in demand stemming from personal finances, or general widespread economic circumstances resulting from pandemic diseases.

Cyber Security

The Agency, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the Agency is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. The Agency has in place certain protection measures, including its “Business Disaster, Resumption & Preparedness Plan.” No assurance can be given that the Agency’s efforts to manage cyber threats

and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the Agency, or the administration of the Bonds. The Agency is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of Assessments, the Trustee, and the dissemination agent. No assurance can be given that the Agency and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Payments by FDIC and Other Governmental Agencies

The ability of the Agency to collect the Assessments and interest and penalties specified by State law, and to foreclose the lien of delinquent Assessments, may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”) or other similar federal governmental agencies has or obtains an interest. On June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes (the “**1991 Policy Statement**”). The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the “**Policy Statement**”). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value.

According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent that the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will neither pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, *including special assessments such as the Assessments*, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. With respect to property in California owned by the FDIC on January 9, 1997, and that was owned by the Resolution Trust Corporation (“**RTC**”) on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC’s prior practice of paying special taxes imposed pursuant to the Act if the taxes were imposed prior to the RTC’s acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The Agency is unable to predict what effect the FDIC’s application of the Policy Statement would have in the event of a delinquency on a parcel within the Agency in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Bonds should assume that the Agency will be unable to foreclose on any

parcel owned by the FDIC. Such an outcome could cause draws on the 2025 Reserve Fund and perhaps, ultimately, a default in payment on the Bonds.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest on a parcel and the Agency causes the applicable County to foreclose on the parcel as a result of delinquent Assessments, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Assessments and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

LEGAL MATTERS

Tax Matters

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

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

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

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the

tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

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

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

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

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

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

Absence of Litigation

The Agency will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds and that no action, suit or proceeding is known by the Agency to be pending that would restrain or enjoin the delivery of the Bonds, or contest or affect the validity of the Bonds or any proceedings of the Agency taken with respect to the Bonds.

Legal Opinion

All proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Jones Hall LLP, Bond Counsel, in connection with the Bonds. The unqualified opinion of Bond Counsel approving the validity of the Bonds will be attached to each Bond; a form of such opinion is attached to this Official Statement as "APPENDIX D – FORM OF BOND COUNSEL OPINION." Bond Counsel's employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation.

THE AGENCY

The Agency was established in September 2007 under Sections 6500 *et seq.* of the California Government Code and a Joint Exercise of Powers Agreement among the Counties of Sutter and Butte, Cities of Yuba City, Live Oak, Gridley and Biggs, and Levee Districts 1 and 9. The purpose of the Agency is to plan, finance and construct a flood control program, and coordinate regional flood control improvements, to protect lives and property in the Yuba City Basin (sometimes called the Sutter Basin). The Agency's goal is to protect public safety within the boundaries of the member jurisdictions against the ongoing threat of flooding from Sierra storms and snowpacks that run off into the region's rivers systems and to finance the local share of flood control projects.

The governing board of the Agency is comprised of 13 directors. Staff of certain member entities assist in matters related to the Agency. The Agency has a full-time Executive Director, Board Clerk / Administrative Assistant and has contract staff for engineering, certain financial, planning, budgeting and administrative functions. The City of Yuba City Finance Director serves as the Agency Treasurer and the Yuba City Finance Department performs various treasury and financial functions for the Agency. The Joint Exercise of Powers Agreement provides that the debts, liabilities and obligations of the Agency are those of the Agency and not of the members.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is anticipated to assign the Bonds that are insured its municipal bond rating of "_____" with the understanding that upon delivery of the Bonds, a policy insuring the payment of principal and interest on the Bonds that are insured will be issued by the Bond Insurer. S&P has assigned an underlying rating of "A+" to the Bonds.

Such ratings reflect only the views of S&P and any desired explanation of the significance of such ratings should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings

will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

MISCELLANEOUS

Continuing Disclosure

The Agency has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Agency by not later than 9 months following the end of its fiscal year (which currently would be by April 1 each year based upon the June 30 end of its fiscal year), commencing by April 1, 2026 with the report for the 2024/25 Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Agency has reviewed its prior continuing disclosure undertaking and determined that it has materially complied with the provisions thereof.

The Agency retains Willdan Financial Services to serve as dissemination agent with respect to the filings to be made with respect to the Bonds and its other undertakings under the Rule.

Underwriting

The Bonds were purchased through negotiation by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), at a purchase price of \$_____, being the aggregate principal amount thereof (\$_____), less an underwriter's discount of \$_____, plus net original issue premium of \$_____. The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

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

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Agency and to persons and entities with relationships with the Agency, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Agency (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Agency.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Underwriter.

Municipal Advisor

KNN Public Finance, Berkeley, California, has served as Municipal Advisor to the Agency with respect to the sale of the Bonds. The Municipal Advisor has assisted the Agency in the review of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Agency to determine the accuracy or completeness of this Official Statement. Due to its limited participation, the Municipal Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor will receive compensation from the Agency contingent upon the sale and delivery of the Bonds.

Additional Information

References are made herein to certain documents and reports that are brief summaries thereof do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

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 Agency and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Agency.

SUTTER BUTTE FLOOD CONTROL AGENCY

By: _____
Executive Director

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of the provisions of the Indenture not otherwise summarized in the text of this Official Statement. This Summary is not intended to be definitive, and reference is made to the complete Indenture for the actual terms thereof.

Definitions

As used in this Summary, the following terms have the following meanings. In addition, terms defined elsewhere in this Official Statement and not otherwise defined in this Summary have the meanings given them in this Official Statement.

“Assessment Revenues” means all assessments received by or on behalf of the Agency from properties in the jurisdiction of the Agency under the provisions of the Benefit Assessment Act of 1982. The term “Assessment Revenues” does not include amounts retained by the County of Sutter or the County of Butte representing an administration fee charged for collecting such assessments.

“Benefit Assessment Act of 1982” means the Benefit Assessment Act of 1982, constituting Chapter 6.4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 54703 of said Code, as in effect on the Closing Date or as amended thereafter.

“Bond Counsel” means (a) Jones Hall LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Agency of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Insurance Policy” means the Municipal Bond Insurance Policy issued by the Bond Insurer with respect to the Bonds.

“Bond Insurer” means _____, its successors and assigns, as issuer of the Bond Insurance Policy and the Reserve Policy.

“Bond Year” means any twelve-month period commencing on October 16 in a year and ending on the next succeeding October 15, both dates inclusive; except that the first Bond Year commences on the Closing Date and ends on October 15, 2026.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the Agency in which the Office of the Trustee is located, and on which the Federal Reserve Bank system is not closed.

“Closing Date” means the date of delivery of the Bonds to the original purchaser of the Bonds.

“Defeasance Securities” means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; (b) any obligations the timely payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; (d) pre-refunded municipal bonds rated in the highest rating category by the Rating Agency; and (e) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and

debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vi) obligations of the Federal Home Loan Bank (FHLB).

"Governmental Revenues" means Assessment Revenues which are imposed on any federal, state or local government agency.

"Independent Accountant" means any accountant or firm of such accountants appointed and paid by the Agency, and who, or each of whom (a) is in fact independent and not under domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Agency.

"Maximum Annual Debt Service" means, as of the date of any calculation, the maximum sum obtained for the current or any future Bond Year so long as any of the Bonds remain Outstanding by totaling the following amounts for such Bond Year:

- (a) the aggregate amount of principal of and interest on the Outstanding Bonds coming due and payable in such Bond Year;
- (b) the principal amount of all outstanding Non-Refunded Prior Bonds and Parity Obligations, if any, coming due and payable by their terms in such Bond Year, including the principal of Non-Refunded Prior Bonds and any Parity Obligations coming due and payable by operation of mandatory sinking fund redemption; and
- (c) the amount of interest which would be due during such Bond Year on the aggregate principal amount of the Bonds, the Non-Refunded Bonds and any Parity Obligations which would be outstanding in such Bond Year if such Bonds, Non-Refunded Prior Bonds and Parity Obligations are retired as scheduled.

"Municipal Advisor" means any consultant or firm of such consultants appointed by the Agency and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the financing of public capital improvements; (b) is in fact independent and not under domination of the Agency; (c) does not have any substantial interest, direct or indirect, with the Agency; and (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Non-Refunded Prior Bonds" means, collectively, the 2013 Bonds which mature on October 1, 20__, and the 2015 Bonds which mature on October 1, 20__.

"Operating Fund" means the fund or funds established and held by or on behalf of the Agency for the receipt and deposit of Assessment Revenues.

"Parity Obligation Documents" means all leases, installment sale agreements, trust agreements, indentures of trust and other documents prescribing the terms and provisions applicable to any issue of Parity Obligations.

"Parity Obligations" means all bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the Agency payable from and secured by a pledge of and lien upon any of the Assessment Revenues issued or incurred on a parity with the Bonds.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Defeasance Securities.

- (b) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by the Rating Agency.
- (c) Bank deposit products, demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Agency, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, interest-bearing deposit accounts (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee and its affiliates), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by the Rating Agency at the time of purchase; (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation; or (iii) such deposits are collateralized by Defeasance Securities in the amount exceeding FDIC insurance.
- (d) Commercial paper rated in the highest short-term rating category by the Rating Agency at the time of purchase.
- (e) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating in the highest rating category of the Rating Agency.
- (f) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating in the highest rating category of the Rating Agency (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries receive and retain a fee for services provided to the fund whether as a custodian, transfer agent, investment advisor or otherwise).
- (g) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by the Rating Agency, or (b) fully secured as to the payment of principal and interest by Defeasance Securities.
- (h) Bonds or notes issued by any state or municipality which are rated by the Rating Agency in one of the two highest rating categories assigned by such Rating Agency.
- (i) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by the Rating Agency at the time of initial investment.
- (j) The Local Agency Investment Fund of the State of California, created under Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

Ratings of Permitted Investments referred to in this definition will be determined at the time of purchase of such Permitted Investments and without regard to rating subcategories. The Trustee has no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments or to validate the ratings of Permitted Investments prior to the initial purchase.

"Prior Bond Indentures" means, collectively, (a) the Indenture of Trust dated as of June 1, 2013, between the Agency and Union Bank, N.A., as the original trustee for the 2013 Bonds, and (b) the Indenture

of Trust dated as of June 1, 2015, between the Agency and MUFG Union Bank, N.A., as the original trustee for the 2015 Bonds.

"Rating Agency" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successor and assigns.

"Refunded Prior Bonds" means, collectively, all of the outstanding 2013 Bonds and 2015 Bonds other than the Non-Refunded Prior Bonds.

"2013 Bonds" means the Sutter Butte Flood Control Agency Assessment Revenue Refunding Bonds, Series 2013, issued in the aggregate original principal amount of \$41,035,000.

"2015 Bonds" means the Sutter Butte Flood Control Agency Assessment Revenue Refunding Bonds, Series 2015, issued in the aggregate original principal amount of \$47,070,000.

"2025 Reserve Requirement" means, as of any date of calculation, an amount equal to 50% of the maximum amount of principal of and interest on the Bonds coming due and payable in the current or any future Bond Year.

Establishment of Funds and Accounts; Flow of Funds

Costs of Issuance Fund. The Trustee will establish the Costs of Issuance Fund under the Indenture, into which a portion of the proceeds of the Bonds will be deposited on the Closing Date. The Trustee will disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the Agency stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the Agency; in each case together with a statement or invoice for each amount requested thereunder. On March 1, 2026, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the Bond Fund to be applied to pay a portion of the interest next coming due and payable on the Bonds and the Trustee will close the Costs of Issuance Fund.

Receipt, Deposit and Application of Assessment Revenues. The Agency has previously established the Operating Fund, which the Agency agrees to continue to hold and maintain for the purposes and uses set forth in the Indenture. The Agency will deposit all Assessment Revenues in the Operating Fund promptly upon their receipt. The Agency will manage, conserve and apply moneys in the Operating Fund in such a manner that all payments of principal of and interest on the Bonds, the Non-Refunded Prior Bonds and all outstanding Parity Obligations are made in full when due.

In addition to withdrawals required to pay the Non-Refunded Prior Bonds under the respective Prior Bond Indentures, and the principal of and interest on the Parity Obligations in accordance with the Parity Obligation Documents, during each Bond Year the Agency will withdraw amounts on deposit in the Operating Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

- (a) 2025 Bond Service Fund. The Agency will withdraw from the Operating Fund and pay to the Trustee for deposit into the 2025 Bond Service Fund (which the Trustee will establish and hold in trust) an amount which, together with other available amounts then on deposit in the 2025 Bond Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the Bonds during such Bond Year, including the principal amount of Term Bonds (if any) which are subject to mandatory sinking fund redemption during such Bond Year. The Agency will make all payments required under this paragraph to the Trustee not later than the sixth Business Day preceding the date on which such payments are due to the Bond Owners.

The Trustee will apply amounts in the 2025 Bond Service Fund solely for the purpose of (i) paying the interest on the Outstanding Bonds when due and payable (including accrued interest on any Bonds purchased or redeemed under the Indenture), and (ii) paying the principal of the Bonds at maturity or upon mandatory sinking fund redemption of any term Bonds.

2025 Reserve Fund. If the amount on deposit in the 2025 Reserve Fund at any time falls below the 2025 Reserve Requirement, the Trustee will promptly notify the Agency and the Bond Insurer of such fact. Upon receipt of any such notice, the Agency will transfer to the Trustee an amount of available Assessment Revenues sufficient to maintain the 2025 Reserve Requirement on deposit in the 2025 Reserve Fund (including the reimbursement of all amounts due and owing to the Bond Insurer in respect of the Reserve Policy). No deposit need be made in the 2025 Reserve Fund so long as the balance therein at least equals the 2025 Reserve Requirement. If the amount on deposit in the 2025 Reserve Fund exceeds the 2025 Reserve Requirement, the Trustee will transfer such excess amount to the 2025 Bond Service Fund.

If the amount on deposit in the 2025 Bond Service Fund as of the fifth Business Day preceding any Interest Payment Date is insufficient to pay the principal of and interest on the Bonds then coming due, the Trustee will (i) immediately notify the Agency and the Bond Insurer in writing of such fact, and (ii) withdraw the amount of such insufficiency from the 2025 Reserve Fund and transfer it to the 2025 Bond Service Fund. On the date on which all Bonds are retired, the Trustee will withdraw any moneys then on deposit in the 2025 Reserve Fund transferred such moneys to the 2025 Bond Service Fund to be applied to pay debt service on the Bonds.

- (c) 2025 Redemption Fund. If the Agency elects to redeem Outstanding Bonds under the optional redemption provisions set forth in the Indenture, the Agency will withdraw from available Assessment Revenues deposited in the Operating Fund, and transfer to the Trustee for deposit into the 2025 Redemption Fund (which the Trustee will establish and hold in trust), an amount at least equal to the redemption price of the Bonds, excluding accrued interest, which is payable from the 2025 Bond Service Fund. Amounts in the Redemption Fund will be applied by the Trustee solely for the 2025 purpose of paying the redemption price of Bonds upon their optional redemption. Following any such redemption of the Bonds, any moneys remaining in the 2025 Redemption Fund will be transferred by the Trustee to the Agency for deposit into the Operating Fund.
- (d) Surplus. If the amount of Assessment Revenues received by the Agency in any Bond Year exceeds the aggregate amounts required to be paid from the Operating Fund during such Bond Year pursuant to the preceding provisions, such excess may be applied for any lawful purposes of the Agency, including but not limited to the payment of administrative costs of the Agency and making transfers to a capital fund for the purpose of paying capital costs.

Investments

All moneys in the Operating Fund may be invested by the Agency from time to time in any securities in which the Agency may legally invest funds subject to its control. The Trustee shall invest moneys in the funds and accounts held by it under the Indenture in Permitted Investments specified in the written request of the Agency delivered to the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such direction from the Agency, the Trustee shall hold such moneys uninvested and notify the Agency that it is doing so.

Covenants of the Agency

In addition to the covenants made by the Agency under the Indenture which are described elsewhere in this Official Statement, the Agency makes the following covenants for the benefit of the Bond owners:

Levy and Collection of Assessment Revenues. The Agency covenants to take all actions as may be required under the Benefit Assessment Act of 1982 to levy and collect, or cause the appropriate officials of Sutter County and Butte County to levy and collect, all Assessment Revenues which the Agency is authorized to levy on properties in the jurisdiction of the Agency. To the maximum extent permitted by law, the Agency shall cause to be levied and collected in each Bond Year an amount of Assessment Revenues (excluding Governmental Revenues) which is at least equal to 110% of the amount of principal of and interest on the Bonds, the Non-Refunded Prior Bonds and all outstanding Parity Obligations coming due in such Bond Year.

Financial Statements. The Agency will keep proper books of records and accounts in which complete and correct entries shall be made of all transactions relating to the financial affairs of the Agency. Said books shall, upon reasonable request, be subject to the inspection of the Trustee (who shall have no duty to inspect) and the Owners of not less than 10% of the Outstanding Bonds or their representatives authorized in writing. The Agency will cause its financial books to be audited annually by an Independent Accountant and will file audited financial statements of the Agency in accordance with the Continuing Disclosure Certificate for the Bonds.

Superior and Subordinate Obligations. The Agency will not issue or incur any additional bonds or other obligations having any priority in payment of principal or interest out of the Assessment Revenues over the Bonds. Nothing in this covenant limits or affects the ability of the Agency to issue or incur (a) Parity Obligations in accordance with the Indenture, or (b) obligations which are either unsecured or which are secured by an interest in the Assessment Revenues which is junior and subordinate to the pledge of and lien upon the Assessment Revenues.

Compliance With Prior Bond Indentures and Parity Obligation Documents and perform all of the covenants, agreements and conditions on its part required to be observed and performed under the Prior Bond Indentures and all Parity Obligation Documents. The Agency will not take or omit to take any action within its control which would, or which if not corrected with the passage of time would, constitute an event of default under and within the meaning of the Prior Bond Indentures or any Parity Obligation Documents.

Tax Covenants. The Agency will not take, nor permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of any of the Bonds which would cause any of the Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of the Tax Code. The Agency agrees to comply with all provisions of the Tax Code relating to the rebate to the United States of America of excess investment earnings derived from the Bond proceeds.

Amendments to the Indenture

The Indenture may be modified or amended at any time by a supplemental indenture with the written consent of the Bond Insurer or (with the prior written consent of the Bond Insurer) with the written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding. No such modification or amendment may (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) permit the creation by the Agency of any mortgage, pledge or lien upon the Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by the Indenture), or reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Indenture may also be modified or amended at any time by a supplemental indenture, without the consent of the Bond Insurer or any Bond Owners, to the extent permitted by law, but only for any one or more of the following purposes:

- (a) to add to the covenants and agreements of the Agency contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the Agency;
- (b) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the Agency deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the Agency and the Trustee;
- (c) to provide for the issuance of any Parity Obligations, and to provide the terms and conditions under which such Parity Obligations may be issued, including but not limited to the establishment of special funds and accounts relating to such Parity Obligations and any other provisions relating solely to such Parity Obligations; or
- (d) to amend any provision hereof to assure the exclusion from gross income of interest on the Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the Agency and the Trustee.

In the event of any amendment of this Indenture under the foregoing provisions, the Trustee shall give notice of such amendment to the Bond Insurer and to each Rating Agency.

Events of Default and Remedies

Events of Default. Each of the following events constitutes an Event of Default under the Indenture:

- (a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.
- (b) Failure to pay any installment of interest on the Bonds when due.
- (c) Failure by the Agency to observe and perform any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Agency by the Trustee or the Bond Insurer; *provided, however*, if in the reasonable opinion of the Agency the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Agency institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- (d) The Agency commences a voluntary case under Title 11 of the United States Code or any substitute or successor statute.
- (e) The occurrence and continuation of an event of default under and as defined in the Prior Bond Indentures or any Parity Obligation Documents.

For purposes of determining whether any event of default has occurred under and as described in the preceding clauses (a) or (b), no effect shall be given to payments made by the Bond Insurer under the Bond Insurance Policy or the Reserve Policy.

Remedies. If an Event of Default occurs and is continuing, with the prior written consent of the Bond Insurer the Trustee may, and at the written direction of the Bond Insurer or (with the prior written consent of the Bonds Insurer) at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary

notwithstanding, and (b) exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under the Indenture.

Notice to Bond Owners. Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee will give notice of such Event of Default to the Bond Insurer and to the Agency by telephone confirmed in writing. Such notice must also state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which must include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

Application of Funds Upon Acceleration. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture will be applied by the Trustee as follows and in the following order:

- (a) *First*, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.
- (b) *Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and if such moneys are insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.
- (c) *Third*, to the payment of amounts then due and owing to the Bond Insurer under the Bond Insurance Policy and the Reserve Policy.

If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties under the Indenture, whether upon its own discretion or upon the request of the Bond Insurer or the Owners of a majority in aggregate principal amount of the Bonds then outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action. The Trustee may not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Bond Insurer or (with the prior written consent of the Bond Insurer) by the Owners of a majority in principal amount of the outstanding Bonds opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless:

- (a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- (b) the Owners of a majority in aggregate principal amount of all the Bonds then outstanding have requested the Trustee in writing to exercise the powers granted to it under the Indenture or to institute such action, suit or proceeding in its own name;

- (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Defeasance of Bonds

City has the right to pay and discharge the entire indebtedness on any Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under the Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;
- (c) by irrevocably depositing with the Trustee or an escrow bank, in trust, Defeasance Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under the Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or
- (d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

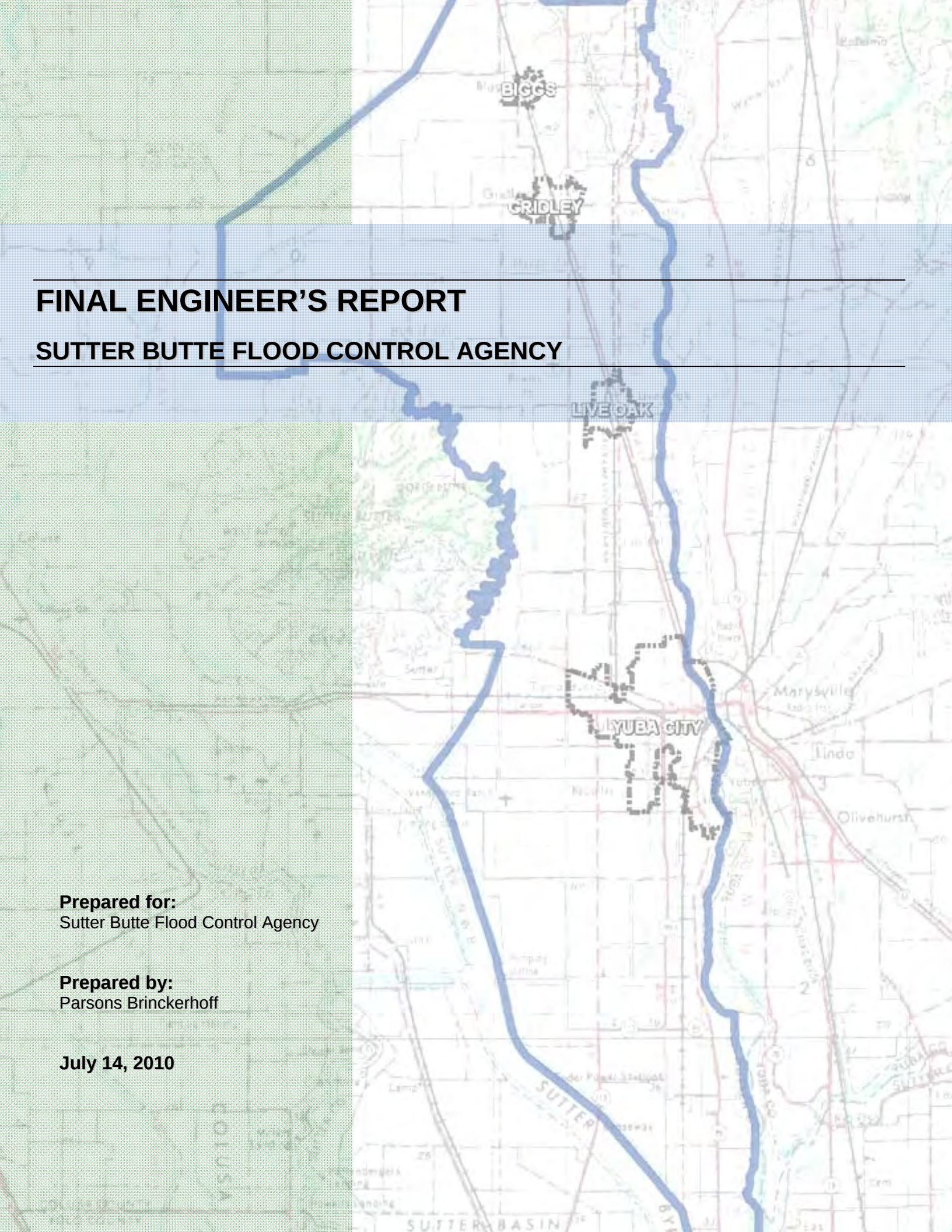
Upon such action, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the Net Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Agency under the Indenture with respect to such Bonds will cease and terminate.

Notwithstanding anything in the Indenture to the contrary, if the principal, interest and premium (if any) on the Bonds are paid by the Bond Insurer under the Bond Insurance Policy or the Reserve Policy, the obligations of the Trustee and the Agency will continue in full force and effect and the Bond Insurer shall be fully subrogated to the rights of all Owners of the Bonds so paid.

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APPENDIX B
FINAL ENGINEER'S REPORT

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A map of the Sutter Butte area in California. The map shows the Sutter Butte, Sutter Butte State Park, and the surrounding region. A blue line outlines the Sutter Butte. A black line outlines the city of Yuba City. Other locations labeled include Biggs, Gridley, Live Oak, Marysville, and Olivehurst. The map also shows the Sutter River and the Sutter Basin. The background is a light green and blue color scheme.

FINAL ENGINEER'S REPORT

SUTTER BUTTE FLOOD CONTROL AGENCY

Prepared for:
Sutter Butte Flood Control Agency

Prepared by:
Parsons Brinckerhoff

July 14, 2010

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1. Background

1.1 General

The Sutter Butte Flood Control Agency (SBFCA) was formed in September 2007 through a Joint Exercise of Powers Agreement (JPA) by the Counties of Sutter¹ and Butte, Cities of Yuba City, Live Oak, Gridley and Biggs, and Levee Districts 1 and 9. The purpose of SBFCA is to plan, finance and construct a flood control program, and coordinate regional flood control improvements, to protect lives and property in the Yuba City Basin (sometimes called the Sutter Basin). The Flood Control Agency's goal is to protect public safety against the ongoing threat of flooding from Sierra storms and snow packs that run off into the region's rivers systems.

1.2 Flood Risk in Yuba City Basin

The Yuba City Basin is an area subject to inundation from flood flows in the Sutter Bypass, Feather, Yuba and Bear Rivers. The first organized responses to seasonal floods were simple dirt levees, generally built by farmers to protect their crops and farm properties. The early settler's levees were often no more than berms of loose dirt, sometimes built over old lake beds. Today's levees are frequently built on top of those older leaky foundations of porous, unstable and sandy soils.

After major floods in the early part of the 20th century, the US Army Corps of Engineers (USACE) constructed a comprehensive and connected set of levees and bypasses (or overflow channels) to contain the river runoff. Eventually, dams were also built that act as shock absorbers, storing sudden storm water and snow melt surges to help prevent overtopping levees.

Despite efforts to ward off inundation, levee breaches in 1917, 1955, 1986 and 1997 have resulted in major flooding that have affected the region, resulting in dozens of deaths and millions of dollars in property damage.

Many Central Valley levees are now under scrutiny. Some leak and slump because of water pressure forcing water through the levee; others fail because of seepage underneath because the levees were originally built on sandy, porous soils. Figure 2-1 illustrates the potential mechanisms for levee failure. New federal rules will call for upgrading levees, and may mandate flood insurance and land use controls.

California weather is changing, perhaps as a result of global climate change. More precipitation is falling in the mountains as rain, and less as snow pack. This change will increase the stress on the region's flood control system.

The State of California's agency that looks at flood protection, the Department of Water Resources, recently conducted new engineering tests of the levees that surround the Yuba City Basin, including sophisticated ground radar and soil borings. The Sutter Butte Flood Control Agency hired an independent geotechnical engineering company to look closely at the data from those studies. The geotechnical engineers believe that the entire levee along the west side of the Feather River must be rehabilitated.

The levees along the Feather River and Sutter Bypass are the Yuba City Basin's first line of defense against invasion by runoff from big Sierra storms. Levees provide a specific level of flood protection, and no levee system provides full protection from all flooding to the people and

¹ Sutter County Board of Supervisors also sits as the Sutter County Water Agency, a non-voting member of the JPA.

property located behind it. There's always a bigger flood coming some day. The potential for a flood disaster remains an unpredictable threat to our communities. Federal law, carried out by FEMA's National Flood Insurance Program, requires flood insurance for those who carry a federally-insured mortgage on property in a high risk flood zone. Many private lenders also require flood insurance.

Studies on different segments of Feather River levees show that areas once thought to be protected could fall into higher-risk zones because those levees do not provide adequate protection against 100-year in-channel flood flows. Accordingly, the Federal Emergency Management Agency (FEMA) will revise their estimates of flood risks in different portions of the Yuba City Basin. Then FEMA will issue new Flood Insurance Rate Maps that show more flood-prone areas and increase flood insurance rates accordingly. Already FEMA released a series of draft maps, heard comments, and set final requirements in the southern portions of Sutter County (generally south of Stewart Road). Recently, FEMA started a similar procedure for Biggs, Gridley and unincorporated portions of Butte County, and has signaled that the rest of Sutter County (including Live Oak and Yuba City) will follow.

1.3 Purpose of Engineer's Report

The purpose of this Engineer's Report is to support the creation of a new special benefit assessment district to provide the local share of the cost of constructing the Feather River levee improvements. Based on current engineering and information, the levee improvements are needed to provide the urban portion of the basin protection against 200-year flood flows within the Feather River and provide protection against 100-year flood flows within the Feather River for the remainder of the basin. This new special benefit assessment district, which would be known as the Sutter Butte Flood Control Agency Assessment District (the "District"), would include all properties located within the JPA boundaries except as noted in Section 4.3.

This Engineer's Report proposes a financial structure for the District. Section 2 of the report identifies the improvements that would be funded and provides an estimate of the total cost of these improvements; Section 3 describes a financing plan for providing the local cost share; and Section 4 describes the assessment methodology, including the boundaries of the District and the flood damage reduction benefits that are used to proportionally spread the assessments among the properties in the District, the assessment equations that guide this spread, and sample calculations. An Assessment Roll (Appendix E) has been prepared that identifies the proposed initial annual assessments for each individual parcel within the District.

1.4 Authority

The proposed District is being formed by SBFCA under the Benefit Assessment Act of 1982² (the 1982 Act) and Article 4 (commencing with Section 6584 of the Government Code) of the Joint Exercise of Powers Act. Government Code Section 54710.5 in the 1982 Act authorizes agencies that are authorized to provide flood control services, which include the member jurisdictions of SBFCA, to levy assessments to finance the cost of installation and improvement of facilities. Section 54710 of the 1982 Act authorizes such agencies to levy assessments to finance the operations cost of flood control services. The SBFCA may exercise these assessment powers. The assessments authorized under the 1982 Act are levied annually based on a budget for expenditures. Government Code Section 6588 authorizes SBFCA to issue revenue bonds secured by assessments.

² Government Code Sections 54703 – 54719)

2. Description of Proposed Funded Activities

2.1 General

The District would provide the local share of the funding to complete the activities necessary to provide 200-year protection from flood flows within the Feather River for the basin from Yuba City to the north. South of Yuba City SBFCA would provide 100-year protection from flood flows within the Feather River which, in combination with future improvements to the Sutter Bypass east levee by the California Department of Water Resources, would provide 100-year protection from external flooding sources. The features are described below. The descriptions are intended to be general enough to authorize any necessary or appropriate additional elements that may be required to accomplish the flood control objectives of the effort, along with associated operation of SBFCA to achieve these features. Proposed levee improvements and cost estimates considered herein are based on the following reports:

- Preliminary Problem Identification and Conceptual Alternatives Analysis Report, Feather River West Levee Evaluation, Thermalito Afterbay to Yuba City, Butte and Sutter Counties, California (Kleinfelder, September 2009)
- Preliminary Design Report for the Feather River West Levee Early Implementation Project (Peterson Brustad Inc, September 2009)
- Technical Memorandum: SBFCA Feather River Levee Improvements, EIP Cost Analysis (Peterson Brustad Inc, March 15, 2010)

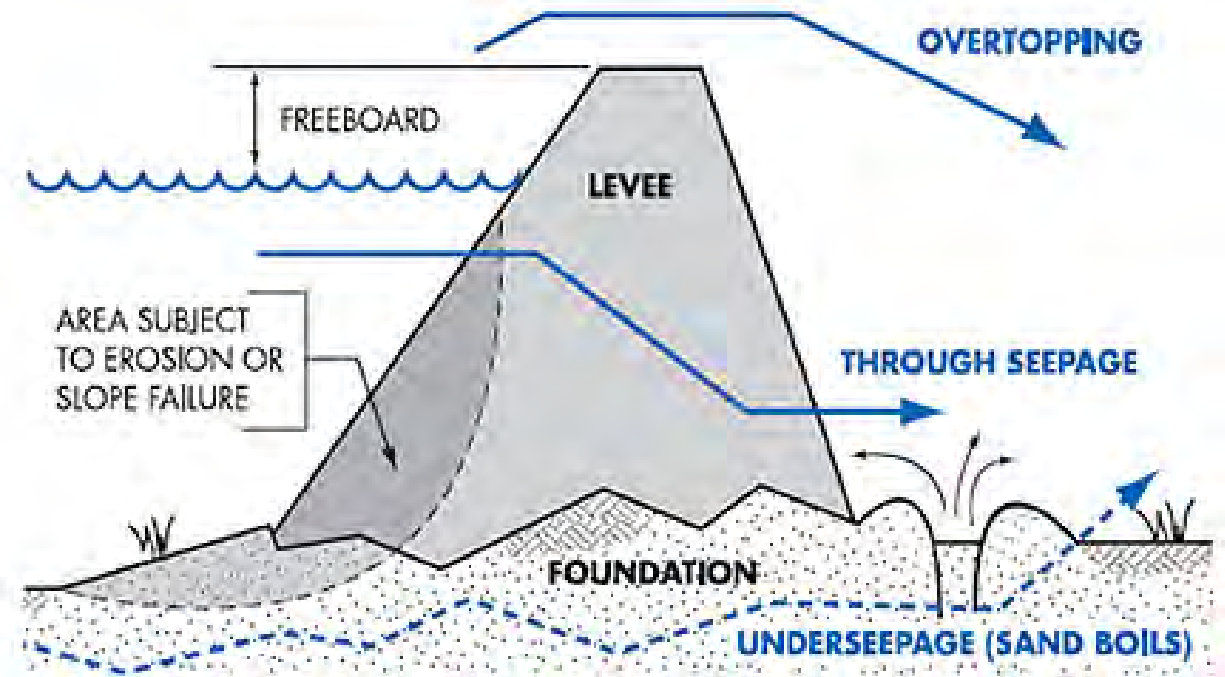
2.2 Types of Levee Improvements

Figure 2-1 illustrates the several ways a levee can fail. The preliminary studies evaluated the project levees according to the latest USACE criteria for stability, seepage, erosion, geometry and freeboard. Levee improvements to correct for existing deficiencies may include the following:

Cutoff Walls

Cutoff walls reduce levee through-seepage and underseepage by providing a barrier of low permeability material through the levee and levee foundation where sandy or gravelly soils of higher permeability can transmit seepage during high water stages. Cutoff walls are installed to depths sufficient to minimize seepage both through the levee and beneath it. The depths for cutoff walls necessary to limit underseepage at the design water surface elevation to gradients specified by the USACE are determined by geotechnical analysis. Cutoff walls for underseepage are generally installed to depths that will tie in with existing impervious or lower permeability soil layers beneath the levee foundation. For cutoff walls up to 80 feet in depth a conventional soil-cement-bentonite (SCB) or soil-bentonite (SB) slurry wall is used. Where cutoff walls greater than 80 feet are required, a deep soil mixing (DSM) wall is used.

FIGURE 2-1: POTENTIAL CAUSES OF LEVEE FAILURE



Seepage Berms

Seepage berms are wide embankments placed outward from the levee landside toe to lengthen the underseepage path and thereby lower the exit gradient of seepage through permeable layers under the levees to acceptable levels. Seepage berms typically extend 100 to 400 feet from the levee. The berm thickness depends on the severity of the seepage pressure, but generally berms are 5 feet thick near the landside toe and taper to a thickness of 3 feet at the prescribed distance from the toe. A seepage collection ditch likely will be constructed at the landward toe of all seepage berms.

Stability Berms

Stability berms are extensions of the landside levee slope, constructed to enhance levee stability when geotechnical analysis indicates the potential for shallow foundation and embankment type failures. Stability berms can be drained or undrained.

Seepage Relief Trenches

Seepage relief trenches provide protection against levee underseepage by providing a path for underseepage to exit to the ground surface at the landside toe of the levee without creating sand boils or piping levee foundation materials. Seepage relief trenches are constructed near the levee landside toe to provide pressure relief and collect underseepage. The bottom of the trench is typically overlain by a drainage blanket consisting of sand and rock layers. A perforated collector pipe is placed in the bottom of the trench to collect and convey seepage to an external drainage system. The trench is then backfilled with random fill.

Relief Wells

Relief wells provide protection against levee underseepage by providing a path for underseepage to exit to the ground surface at the landside toe of the levee without creating sand boils or piping levee foundation materials. Relief wells are an option for addressing

underseepage in reaches where continuous sand and gravel layers have been identified by the geotechnical analysis. Relief wells are constructed near the levee landside toe to provide pressure relief beneath surficial fine-grained soils. The wells are constructed using soil boring equipment to bore a hole vertically through the fine-grained blanket layer and into the coarse-grained aquifer layer beneath. Pipe casings and filters are installed to allow the pressurized water to flow to the ground surface, thereby relieving the pressures beneath the clay blanket. Relief wells either may discharge onto open ground or may require conveyance to a stormwater drainage system or a pump station. The wells require regular maintenance to ensure proper operation.

Levee Reshape and Slope Repair

Where the waterside slopes are steeper than deemed acceptable by the slope stability evaluation, the waterside slopes are laid back to meet USACE requirements of 3H:1V slope and to provide additional stability assurance. The crown width will remain the same, but may be shifted towards the landside if possible. The landside slope will be built out from the new crown hinge point. This will include acquiring additional permanent easement at the landside toe to accommodate the increased levee footprint.

Slope repair involves taking any stone revetment off the waterside slope of the levee and excavating a 12 foot wide section. Imported material is used to rebuild the levee to meet the required slopes and the revetment placed back onto the slope.

2.3 Funded Activities

Based on the geotechnical investigations and engineering studies to date, improvements to rehabilitate and restore the Feather River levee have been identified. This rehabilitation has been divided into seven levee segments (Figure 4-2) for benefit assessment purposes. The improvements and estimated cost for levee segments 1 to 7 are provided in Table 2-1. Only preliminary analyses have been completed to date. The specific type and extent of improvements for each segment are subject to change as more detailed engineering evaluations are conducted during the design phase for any project. Estimated costs include construction contingencies. Additional program contingencies are discussed in Section 3.3.

2.4 District Administration

The administration component of the District assessment would be used to fund the costs for operation of the District associated with the rehabilitation elements discussed herein, including the annual updating of the assessment rolls for submittal to the County Auditors, staffing associated with continuing to pursue a federally authorized project to be constructed by the USACE, audits, insurance, and other activities. The estimated annual budget for administration is \$750,000.

**TABLE 2-1:
PROGRAM FEATURES AND COST ESTIMATES**

Levee Segment	Length (Feet)	Type of Improvement Assumed for Cost Estimating Purposes^{1,2}	Estimated Cost
1	31,900	Seepage Berms & Stability Berms	\$ 30,000,000
2	31,800	Seepage Berms & Stability Berms	\$ 33,000,000
3	31,800	Slurry cutoff walls & Stability Berms	\$ 46,000,000
4	31,800	Slurry cutoff walls	\$ 56,000,000
5	31,600	Slurry cutoff walls, relief wells & misc. improvements	\$ 20,000,000
6	31,300	Slurry cutoff walls, stability berms & misc. improvements	\$ 39,100,000
7	45,100	Slurry cutoff walls & misc. improvements	\$ 24,700,000
TOTAL			\$ 250,000,000

Footnotes

- 1 For Segments 1-4, the type of improvements assumed for cost estimating purposes is based upon preliminary analysis and design performed for SBFCA by Kleinfelder Inc & Peterson Brustad Inc.
- 2 For Segments 5-7, the type of improvements assumed and associated costs were provided by Levee District 1.

3. Financing Plan

3.1 General

In order to determine the annual financing requirements necessary to fund SBFCA's share of the total cost of the activities covered by the Assessment District, a cash flow analysis and financing plan was developed representing the likely timing for carrying out the activities and the resulting funding demands on the Agency. The key assumptions supporting this analysis are outlined below.

3.2 Key Assumptions

The most important assumption in the cash flow analysis is that all of the funded improvements will be subject to State cost sharing. These improvements are part of a proposed Early Implementation Project to rehabilitate, restore, and as necessary improve the west levee of the Feather River from Thermalito Afterbay to the Sutter Bypass. The Department of Water Resources (DWR) is responsible for the Early Implementation Program (EIP) authorized under the Disaster Preparedness and Flood Prevention Bond Act of 2006 (Proposition 1E), and the Safe Drinking, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). Under this program, funding will be available to local agencies for (a) repair, rehabilitation, reconstruction or replacement of levees, weirs, bypasses, and facilities of the State Plan of Flood Control, and (b) improving or adding facilities to the State Plan of Flood Control to increase levels of flood protection for urban areas.

The cash flow analysis assumes that under the EIP the State cost share will be 71% for all of the funded improvements to the Feather River levees and the local share will be 29%. The total cost for Feather River levee work is estimated at \$250 million (Table 2-1). Assuming a 71% cost share, the State share would be \$177.5 million and the local share \$72.5 million. District administration costs are 100% local funded and as discussed in Section 2.4 are estimated as \$750,000 per year.

The cash flow analysis also assumes 100% State funding for work to the Sutter Bypass levees. Water Code section 8361 provides that operation and maintenance of these levees are the sole responsibility of the State of California. DWR's guidelines for EIP projects provides that where the State has sole operation and maintenance responsibility for flood protection facilities under Section 8361, the State shall be responsible for all costs to rehabilitate the levees back to the design level for which the State provided assurances to the USACE. For purposes of its program, SBFCA assumes this funding will be actually available and that rehabilitation of these levees will meet all criteria for any DWR funding program.

The duration of the Assessment District is assumed to be 30-years from the issuance of construction bonds, which is anticipated to be in the fourth year of the Assessment District.

3.3 Contingency Planning

As noted in Section 2.3, the \$250 million budget includes funds to cover construction contingencies. The SBFCA team developed these construction contingencies to be adequate to cover the typical range of construction challenges, including change orders for changed conditions, schedule slip, and other related issues. However, one challenge in developing the budget for the SBFCA program is that the budget is based only upon reconnaissance level data and analysis. This must be the case because it is only after passage of the assessment district that SBFCA will have the resources to mount the full investigation and design effort necessary to hone the scope and budget for the program.

To minimize the inherent uncertainties in developing a budget at this stage of the program development, SBFCA retained MBK Engineers to perform a peer review of the benefit map analysis and the cost estimates. The peer review further highlighted the minimal data available and the unknowns associated with developing a budget at this stage of the plan. In particular, MBK Engineers identified certain SBFCA program cost estimates that may be low, if unit measures (e.g., cost per levee mile) for this program are compared to other levee improvements in the region. SBFCA staff has evaluated the results of the peer review and concurs with the MBK Engineers' conclusions, but believes that it is still possible for the program to be constructed at a lower cost per levee mile than other projects for a number of reasons, including the fact that setback levees and adjacent levees are not likely to be proposed for construction; many miles of the SBFCA levees have little water pressure against them in a 200-year flood event; Segments 1-4 of the Feather River levees are substantially shorter levees than those being improved in other projects; a number of sub-reaches of Segments 5 and 6 have been improved by USACE and LD1 to correct seepage and stability problems, and there is increased certainty about how to develop and design these types of programs, as compared to some of the earlier projects in the region.

Nonetheless, in order to assure adequate contingencies for construction, SBFCA has developed some additional contingency plans. First, by structuring the cash flow analysis (as described below) with a series of short-term bonds followed by a long-term bond, SBFCA is able to generate an additional \$16 million in local funds. When coupled with State cost shared funds, this creates a total of \$56 million in additional program contingency funding, which could be used for any aspect of the program including higher construction costs, higher design costs, higher environmental mitigation costs, and/or higher financing costs.

Second, SBFCA has assumed a 29% local cost share for all portions of the Feather River levee rehabilitation. However, Water Code section 8361(l) provides that the State shall operate and maintain the "levee on the west bank of Feather River extending a distance of about two miles southerly from the Sutter-Butte Canal headgate." As noted above, under DWR's guidelines for EIP projects, the State will pay 100% of the cost of rehabilitation to facilities listed in this water code section. Thus, there is the potential that the State will pay all of the costs associated with this levee segment, which may free up additional local funds for additional contingency.

Third, the Department of Water Resources has shown a willingness to revise its cost sharing guidelines to be responsive to issues being faced by local agencies. One example is the Department's current efforts to provide additional cost share for disadvantaged communities, of which SBFCA will be able to take advantage. In the event that additional funds are required for the SBFCA program, SBFCA will attempt to work with the Department to develop additional State cost share to assist with the program. By way of example, a 5 percent increase in State cost share, when applied to the various local funds above, provides for a total program cost of nearly \$370 million. While such an additional State cost share cannot be guaranteed, it remains part of the SBFCA contingency plan.

Finally, if funds are required beyond those identified above, SBFCA could elect to construct the program in two phases, the first constructed by SBFCA, and the second constructed by the USACE. As with construction in Natomas, West Sacramento, and Yuba County, other local agencies have developed plans to construct significant portions of their programs using local and State resources, and then relying on USACE to complete construction. This two phased approach does contain a number of uncertainties, as it requires that USACE will complete its Feasibility Study and concur that there is a Federal interest in the locally preferred plan, and that Congress will authorize the construction and then appropriate necessary design and

construction funds. However, because the local agencies will have already constructed such significant portions of their programs (for example, in Natomas the entire west and north side of the program, and in Yuba County the entire RD 784 perimeter) that construction will count as the non-federal share for Federal construction, which normally would be paid for in cash by the State and the local agencies. While uncertainties do exist regarding USACE's ability to participate in this program (as discussed herein), this also remains part of the SBFCA contingency plan.

In conclusion, the SBFCA staff remains hopeful that the \$250 million preliminary budget represents a fair approach to the program, as opposed to an assessment which has the potential to raise more money than is needed from the beneficiaries. However, if additional funds are needed, a further plan for \$56 million in contingency is now provided. If still additional funds are necessary, SBFCA may be able to free up additional local funds and will seek further support from the State of California and/or partnership with USACE.

3.4 Cash Flow Analysis

A cash flow analysis was developed for years 2009-10 through 2042-43. Costs were allocated over time. Environmental and design is assumed completed in two years (2010/11 and 2011/12). Construction of the improvements would take place over three years (2012/13 to 2014/15). In order to fund SBFCA's share of the total cost of the activities covered by the Assessment District, the cash flow analysis assumes (1) an annual assessment of \$6.65 million, and (2) that SBFCA will issue a series of at least three annual short-term bond anticipation notes, followed by a 30-year construction bond. For financing plan purposes, the bonding assumed in the cash flow is:

- \$5,210,000 bond issued in September 2010, 3-year maturity, provides \$5 million for costs
- \$5,205,000 bond issued in September 2011, 2-year maturity, provides \$5 million for costs
- \$5,205,000 bond issued in September 2012, 1-year maturity, provides \$5 million for costs
- \$78,625,000 bond issued in September 2013, 30-year maturity, provides \$56,037,000 for costs

Table 3.1 shows the cash flow for years 2009/10 to 2021/22. Years 2022/23 through 2042/43 would be identical to 2021/22.

Although the cash flow analysis assumes an annual assessment of \$6.65 million, the actual annual assessment may vary. As parcel characteristics (building square footage, land use) change over time, or are corrected in the assessment database based on new information, the actual assessment may increase or decrease slightly. What will remain constant is the assessment rate and assessment methodology, which is described in Chapter 4.

TABLE 3.1 CASH FLOW ANALYSIS

CASH FLOW ANALYSIS (\$ million)								
Project Activity	Agency	Total Cost	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Levee Segments 1 to 6								
Environmental and Design	State	9.0		4.5	4.5			
	SBFCA	9.0		4.5	4.5			
	Total	18.0	0.0	9.0	9.0	0.0	0.0	0.0
Construction, R/W	State	144.4				43.9	60.3	40.2
	SBFCA	53.7				12.6	24.6	16.4
	Total	198.0	0.0	0.0	0.0	56.6	84.9	56.6
Total	State	153.4	0.0	4.5	4.5	43.9	60.3	40.2
	SBFCA	62.7	0.0	4.5	4.5	12.6	24.6	16.4
	Total	216.0	0.0	9.0	9.0	56.6	84.9	56.6
Levee Segment 7								
Environmental and Design	State	1.3		0.6	0.6			
	SBFCA	1.3		0.6	0.6			
	Total	2.5	0.0	1.3	1.3	0.0	0.0	0.0
Construction, R/W	State	22.9					8.0	14.9
	SBFCA	8.6					2.5	6.1
	Total	31.5	0.0	0.0	0.0	0.0	10.5	21.0
Total	State	24.2	0.0	0.6	0.6	0.0	8.0	14.9
	SBFCA	9.9	0.0	0.6	0.6	0.0	2.5	6.1
	Total	34.0	0.0	1.3	1.3	0.0	10.5	21.0
Total Capital Project								
	State	177.5	0.0	5.1	5.1	43.9	68.2	55.1
	SBFCA	72.5	0.0	5.1	5.1	12.6	27.1	22.5
	Total	250.0	0.0	10.3	10.3	56.6	95.4	77.6
District Administration	SBFCA		0.00	0.75	0.75	0.75	0.75	0.75
Program Contingency								
		16.26						16.26
SBFCA Financing - Annual Debt Service								
Sept. 1, 2010 Bond	5.21			0.118	0.118	0.118		
Sept. 1, 2011 Bond	5.205				0.13	0.13		
Sept. 1, 2012 Bond	5.205					0.11		
Sept. 1, 2013 Bond	78.625						5.90	5.90
SBFCA Annual Revenue								
Assessments				6.65	6.65	6.65	6.65	6.65
Bonds				5.00	5.00	5.00	56.04	
Prior Year Balance				0.00	5.71	11.34	9.46	38.76
Total			0.00	11.65	17.36	22.99	72.14	45.41
SBFCA Annual Balance								
Expenditures			0.00	6.00	6.13	13.63	33.77	45.41
Balance			0.00	5.65	11.23	9.36	38.37	0.00
Interest			0.00	0.06	0.11	0.09	0.38	0.00
Year End Balance			0.00	5.71	11.34	9.46	38.76	0.00

TABLE 3.1 CASH FLOW ANALYSIS (CONTINUED)

CASH FLOW ANALYSIS (\$ million)								
Project Activity	Agency	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Levee Segments 1 to 6								
Environmental and Design	State							
	SBFCA							
	Total							
Construction, R/W	State							
	SBFCA							
	Total							
Total	State							
	SBFCA							
	Total							
Levee Segment 7								
Environmental and Design	State							
	SBFCA							
	Total							
Construction, R/W	State							
	SBFCA							
	Total							
Total	State							
	SBFCA							
	Total							
Total Capital Project								
	State							
	SBFCA							
	Total							
District Administration	SBFCA	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Program Contingency								
SBFCA Financing - Annual Debt Service								
Sept. 1, 2010 Bond	5.21							
Sept. 1, 2011 Bond	5.205							
Sept. 1, 2012 Bond	5.205							
Sept. 1, 2013 Bond	78.625	5.90	5.90	5.90	5.90	5.90	5.90	5.90
SBFCA Annual Revenue								
	Assessments	6.65	6.65	6.65	6.65	6.65	6.65	6.65
	Bonds							
	Prior Year Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	6.65	6.65	6.65	6.65	6.65	6.65	6.65
SBFCA Annual Balance								
	Expenditures	6.65	6.65	6.65	6.65	6.65	6.65	6.65
	Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Year End Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00

4. Assessment Methodology

4.1 Discussion of General and Special Benefits

Proposition 218 requires any local agency proposing to increase or impose a special assessment to “separate the general benefits from the special benefits conferred on a parcel.” Cal. Const. art. XIID § 4. The rationale for separating special and general benefits is to ensure that property owners are not charged a special benefit assessment in order to pay for general benefits provided to the general public or to property outside the assessment district. Thus, a local agency carrying out a project that provides both special and general benefits may levy an assessment to pay for the special benefits, but must acquire separate funding to pay for the general benefits. *Silicon Valley Taxpayers’ Assn., Inc. v. Santa Clara County Open Space Authority*, 44 Cal. 4th 431, 450 (2008).

A special benefit is a particular and distinct benefit over and above the general benefits conferred on real property located in the district or to the public at large. The total cost of the improvements must be apportioned among the properties being assessed based on the proportionate special benefit these properties will receive. Moreover, the governmental agency must demonstrate through a balloting process, weighted to reflect these special benefits, that the ballots submitted in opposition to the assessment do not exceed the ballots submitted in favor of the assessment, weighted according to the proportional financial obligation of the affected property.

In this instance, the properties within Sutter Butte Flood Control Agency’s (SBFCA) proposed Assessment District will receive a special flood protection benefit in the form of a substantial reduction in expected flood damages. For a relatively wide range of flood events, these properties will escape all of the pre-project damages to structures, the contents of structures and the land comprising the property they could have otherwise suffered.

The special flood damage reduction benefit provided by these flood control improvements will vary based on the size and use of the affected structures, and the relative size and location of the affected property. Moreover, because portions of the proposed levee improvements will protect some but not necessarily all the properties in the Assessment District, there are geographically distinct relative risks of flooding associated with the proposed levee improvements. To reflect this condition while adhering to Proposition 218’s special benefit requirement, the Assessment District will be divided into benefit areas that will reflect the geographically distinct relative risks of flooding.

Flood control projects, such as the one proposed, provide only special benefits and not general benefits. As noted above, special benefits are benefits “particular and distinct over and above general benefits conferred on real property located in the district or to the public at large.” Cal. Const. art. XIID § 2(i). Because flood control works protect particular identifiable parcels (including residents of the parcel and any appurtenant facilities or improvements) from damage due to inundation or force by arising floodwaters, the benefits are provided directly to those parcels, and to none other. By contrast, general benefits provided to the public at large are discussed in terms of general enhanced property values, provision of general public services such as police and fire protection, and recreational opportunities that are available to people regardless of the location of their property. See, e.g., Cal. Const. art. XIID §§ 2(i), 6(2)(b)(5); *Silicon Valley Taxpayers*, 44 Cal. 4th 431, 450–56.

The issue of general benefits merits further discussion, however, because flood control works have an obvious indirect relationship to the provision of general benefits and may, upon first

blush, appear to be general benefits. For example, the activities to be funded by the assessment would protect parks that are used by people regardless of whether they own property within the basin or not. But this indirect relationship does not mean that these activities would themselves provide any general benefits. Rather, they will provide special benefits to all parcels within the basin, including special benefits to public parcels (such as parks) that are themselves used in the provision of general benefits.

More to the point, the public at large will be paying for the special benefits provided to this public property, and specially benefited property owners' assessments will not be used to subsidize general benefits provided to the public at large or to property outside the district. All property that is specially benefited will be assessed, including roads, parks and other parcels used in the provision of general benefits. Assessing agencies are required by law to levy the assessment on all specially benefited property, including publicly owned property, within the assessment district. Cal. Const. art. XIID § 4(a). Thus, the general public will pay for the provision of flood control services because the assessed public agencies within the assessment district will use general taxes and other public revenue to pay their assessments.

4.2 Flood Damage Reduction Benefit

The special flood damage reduction benefit that will be provided to all of the properties in the Assessment District is based on avoidance of damage to structures, to the contents of the structures, and to land.

4.2.1 Structure and Content Damage

USACE has defined potential flood damages to structures and contents by land use category:

- Industrial – losses and destruction of industrial properties, including warehouses, from inundation consist of fixtures and equipment, inventory, and structure.
- Commercial – structure value and content value including equipment and furniture, supplies, merchandise, and other items used in the conduct of business.
- Residential – physical damages to dwelling units (single-family, multi-family, and mobile homes) and to residential contents including household items and personal property.
- Agricultural – Non-residential structures on agricultural properties would experience damages to equipment, tools, Ag chemicals, livestock feed and other agricultural related content.

To reflect relative differences in the exposure of structures and their contents to flood-related damages, a structure and content damage factor has been calculated based on the following:

- Relative structure values and content values for residential, commercial and industrial were determined using USACE data developed in connection with a regional flood control study³. Content values for agricultural structures were derived from a recent USACE technical report for a regional flood control study⁴. These values represent gross averages for the different land uses based on the USACE estimates for structure replacement costs and content damages. They do not represent assessed value or current market value for any

³ US Army Corps of Engineers, *American River Watershed Investigation, California: Feasibility Report*, Sacramento District, December 1991.

⁴ US Army Corps of Engineers, *Draft Economic Reevaluation Report*, American River Watershed Project, California, Appendix D, Attachment II, Technical Report: *Content Valuation and Depth-Damage Curves for Non-Residential Structures*, Sacramento District, May 2007.

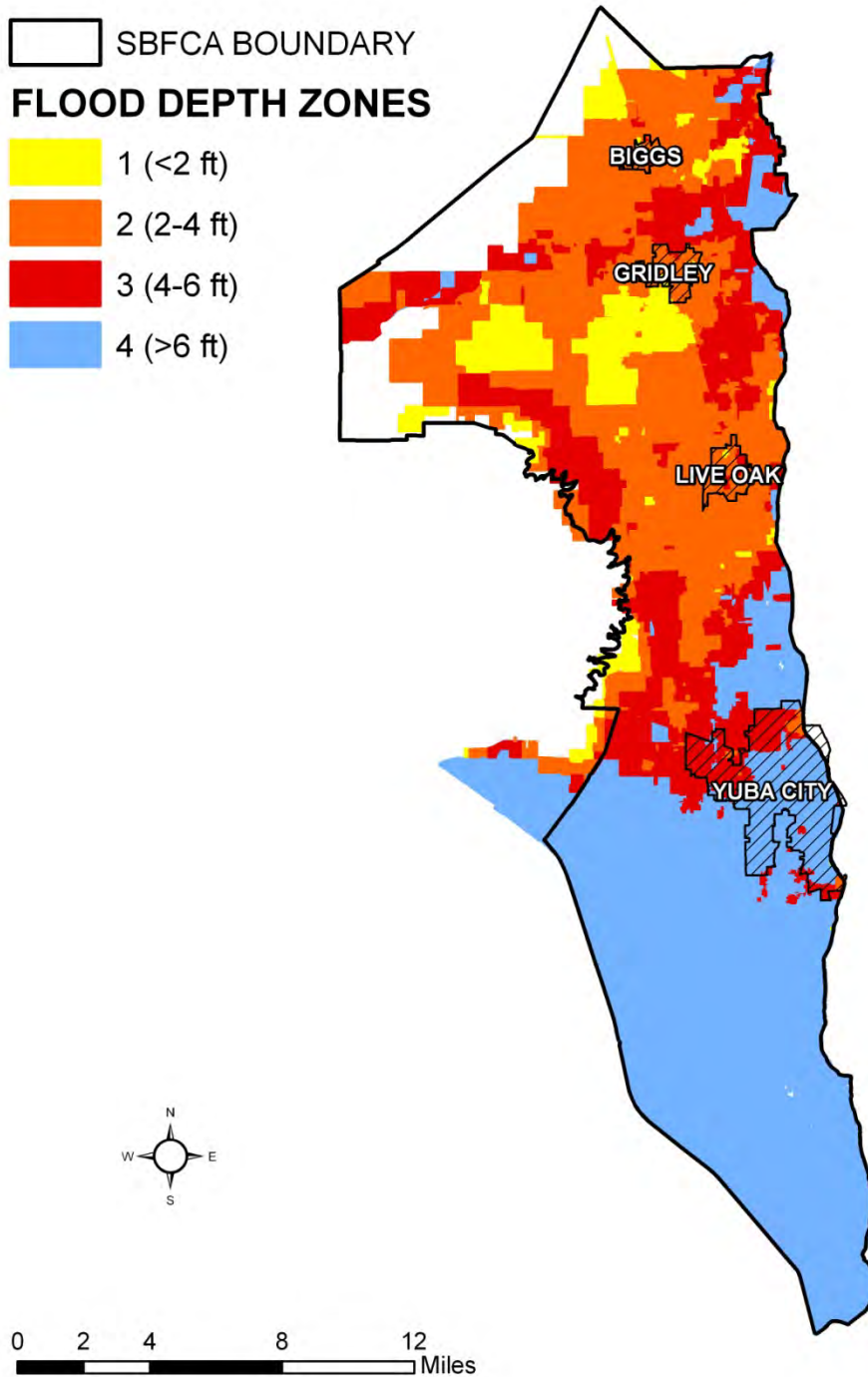
individual structure. Relative structure and content values in Table 4.1 are used in the assessment methodology to reflect the relative structure and content value relationships between land use categories.

TABLE 4.1: RELATIVE STRUCTURE AND CONTENT VALUE

Land Use	Relative Structure Value (\$/SF)	Relative Content Value (\$/SF)
Residential	60	30
Residential – Mobile Home	30	15
Commercial	70	75
Industrial	50	58
Agricultural	50	30

- Relative flood depths for the 200-year event were established by dividing the Assessment District into four depth zones (less than 2 feet, 2 to 4 feet, 4 to 6 feet and 6 feet or greater), as shown in Figure 4.1. The flood depth map was derived from maps, flood elevation data and flood depths developed by hydraulic modeling of possible levee failures at several locations along the proposed levee improvements.

FIGURE 4.1: FLOOD DEPTH ZONES



- The relationship between depth of flooding and damages to structure and contents was calculated for each land use category with structures (residential, commercial, industrial and agricultural) and flood depth zone in the Assessment District using the depth-damage curves established for the USACE American River Watershed Investigation. Curves for one story and two story residential, based on 1988 Federal Insurance Administration (FIA) depth-damage relationships for residential structures, were averaged together and applied to all residential structures.⁵ USACE damage surveys of flood damaged structures conducted immediately after the storm of February 1986 confirmed the reasonableness of these 1988 FIA depth-damage relationships. The commercial and industrial curves were based on depth-damage relationships developed by the Tennessee Valley Authority (TVA) for the Department of Housing and Urban Development (HUD). For the USACE Morrison Creek Investigation, interviews with owners and managers of commercial buildings established depth-percent damage relationships that were very similar to those in the HUD study.

The resulting damages to structure and contents, expressed as a percent of the structure value, are shown in Table 4.2.

TABLE 4.2: PERCENT DAMAGE TO STRUCTURE AND CONTENTS

Percent Damage To Structure and Contents Expressed as A Percent ⁶ of Structure Value				
	Flood Depth Zones			
Land Use	Less than 2 ft	2 to 4 ft	4 to 6 ft	Greater than 6 ft
Residential	16%	35%	44%	64%
Commercial	34%	81%	109%	126%
Industrial	65%	77%	90%	108%
Agricultural	38%	49%	59%	74%

Flood damages to structures and their contents were calculated for each property in the Assessment District using the actual square footage for the first and second stories of residential structures, the first story of commercial, industrial and agricultural structures, and appropriate structure value and depth-percent damage relationships for the particular land use.

For example, the relative structure and contents damages of a single-family residential structure with a square footage of 1,700 square feet (sf) located in flood depth zone 2 to 4 ft would be calculated as follows: \$60/sf x 1700 sf x 35% = \$35,700

⁵ Neither Sutter County's nor Butte County's Assessor's Office contained information reflecting the split between one and two story residential structures. Because a survey of more than 20,000 structures was impracticable, the averaging of the one and two story depth-damage curves was deemed an appropriate method to reflect the variety of structure types present.

⁶ Because percentage values represent damages to both structure and contents, they may exceed 100% of structure value.

4.2.2 Damage to Land

There are a number of factors that contribute to the flood damage reduction benefit to land, both vacant and improved. These include, but are not limited to, avoidance of physical damage to the land during a flood, reduced cost of development, the ability to secure financing for urban development projects, reduced cost of flood insurance, changes in highest and best land use, preservation of land values, and avoidance of damage to crops, orchards and related impacts to agricultural operations.

Based on a determination in a similar regional flood study by a certified real estate appraiser, all parcels in the Assessment District would be subject to a ten-percent land damage factor. This is considered a conservatively low estimate of the assumed land damages that would occur in recognition that the affected parcels could be inundated by a major flood event.

As part of a regional flood benefit assessment⁷ for the Sacramento Area Flood Control Agency (SAFCA), also located in the Central Valley, nearly 300,000 properties were assigned a land value based on land use, geographic location, parcel size and zoning. These base value estimates considered land alone, exclusive of any building improvements. The values derived were not assessed value or market value for any individual parcel of land. Rather they represented the value relationships between various land use classifications.

A weighted average land value was calculated for all parcels within the SAFCA flood benefit assessment boundary. For example, previously derived land values for approximately 68,000 parcels classified as single-family residential were summed and then divided by the total area of all such parcels. The result was a single land use value per acre for the single-family residential land use category. Values for the other land use categories were similarly derived. The resulting relative land use values were multiplied by the ten-percent land damage factor to define the relative land damage values. For agricultural land, locally representative land values for orchard and non-orchard lands were used. The values of relative land damage provided in Table 4.3 are utilized in the benefit calculation.

Accordingly, for the SBFCA Assessment District, the amount of flood damages to land for a particular property is calculated using the actual parcel acreage and the appropriate relative land damage value. For example, the flood damage benefit to land for a single-family residential property with a parcel area of 0.2 acres would be calculated as follows: \$25,100/acre x 0.2 acres = \$5,020

4.2.3 Total Relative Flood Damage Reduction Benefit

The total relative flood damage reduction benefit for each parcel in the Assessment District is the sum of the structure and content damages and the land damages associated with that parcel. For example, the single-family residential property used in the above example calculations would have total flood damage reduction benefits of \$35,700 + \$5,020 = \$40,720.

⁷ Parsons Brinckerhoff Quade & Douglas, Inc., *Engineer's Report for SAFCA Operation and Maintenance Assessment for Assessment District No. 1*, June 20, 1991.

TABLE 4.3: RELATIVE LAND DAMAGE

Land Use	Relative Land Damage (\$/Acre)
Single-Family Residential	25,100
Multi-Family Residential	27,800
Commercial	55,400
Industrial	23,300
Vacant Residential	12,100
Vacant Commercial	33,000
Vacant Industrial	6,700
Agricultural Orchard	1,000
Agricultural	500

4.3 District Boundaries and Benefit Areas

The Assessment District would fund the local share of the cost of the improvements along the west levee of the Feather River from Thermalito Afterbay to the confluence with the Sutter Bypass. Areas within the Assessment District from Yuba City to north of Biggs will receive protection from a “200-year” flood. Areas south of Yuba City within the Assessment District would receive flood risk reduction benefits from improvements to the west levee of the Feather River which, in combination with future California Department of Water Resources improvements to the Sutter Bypass, will provide “100-year” flood protection. Accordingly, all properties within the SBFCA’s jurisdictional boundary would be included in the Assessment District except for the following:

- Properties adjacent to Cherokee Canal/Butte Sink that would remain in a residual floodplain. The Cherokee Canal levee provides only a 25-year level of flood protection.
- Properties north of Sutter Buttes in the far westerly portion of SBFCA’s jurisdictional boundary that will remain in a residual floodplain (the Butte Sink).
- High ground areas above the 200-year floodplain around the easterly base of Sutter Buttes and in the far northerly portion of SBFCA’s jurisdictional boundary.

An area near the Town of Sutter at the confluence of Wadsworth Canal and Sutter Bypass would receive a flood risk reduction benefit from the activities proposed to funded by the assessment. This area is currently outside SBFCA’s jurisdictional boundary. Because these parcels benefit from the improvements, the area is included in the proposed Assessment District. If approved by the member jurisdictions, the SBFCA jurisdictional boundary would be modified to include this area prior to levying of assessments.

The proposed Assessment District boundary reflects SBFCA’s best judgment as to the maximum number of properties benefiting from each segment of the improved levee system based upon a “200-year” flood along the Feather River, assuming a variety of levee failure

locations along each levee segment. Approximately 34,000 parcels are within the Assessment District boundary, with about 24,000 parcels being single-family residential.

In order to properly allocate benefit to the properties in the proposed Assessment District, the levees to be rehabilitated were divided into seven approximately equal length benefit segments. Levee failures in each benefit segment were individually hydraulically modeled and the resulting 200-year flood inundation areas determined. This analysis resulted in eleven benefit areas being identified. Each benefit area has a unique relative flood risk associated with levee failures in various combinations of benefit segments. There are a maximum of seven possible levee segments that could affect each benefit area. The relative risk of flooding is defined as the number of levee segments that could result in a benefit area being flooded divided by the total number of levee segments. Relative risk could range from 1/7 (14.3%) to 7/7 (100.0%). Benefit areas south of Yuba City receive only a 100-year level of flood protection compared to 200-year protection for the remainder of the Assessment District. To reflect this reduced flood protection benefit a 0.5 adjustment factor is applied to the relative risk calculation for benefit areas south of Yuba City.

As shown in Figure 4.2, the benefit areas are defined as follows:

1. Benefit Area "A" would consist of the 200-year floodplain area in Butte County north of Biggs with a total of 333 parcels and 6,593 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segment 1. The relative risk in Benefit Area "A" is 1/7 or 14.3%;
2. Benefit Area "B" would consist of the 200-year floodplain area that includes the Cities of Biggs and Gridley with a total of 5,741 parcels and 58,080 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 1 and 2. The relative risk in Benefit Area "B" is 2/7 or 28.6%;
3. Benefit Area "C" would consist of the 200-year floodplain area that includes the City of Live Oak with a total of 3,332 parcels and 8,729 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 1, 2 and 3. The relative risk in Benefit Area "C" is 3/7 or 42.9%;
4. Benefit Area "D" would consist of the 200-year floodplain area in Sutter County between Live Oak and Yuba City with a total of 712 parcels and 15,385 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 1, 2, 3 and 4. The relative risk in Benefit Area "D" is 4/7 or 57.1%;
5. Benefit Area "E1" would consist of the 200-year floodplain area that includes the northeast portion of Yuba City with a total of 4,267 parcels and 1,383 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 4 and 5. The relative risk in Benefit Area "E1" is 2/7 or 28.6%;
6. Benefit Area "E2" would consist of the 200-year floodplain area that includes the northwest portion of Yuba City with a total of 5,779 parcels and 7,778 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 1, 2, 3, 4 and 5. The relative risk in Benefit Area "E2" is 5/7 or 71.4%;

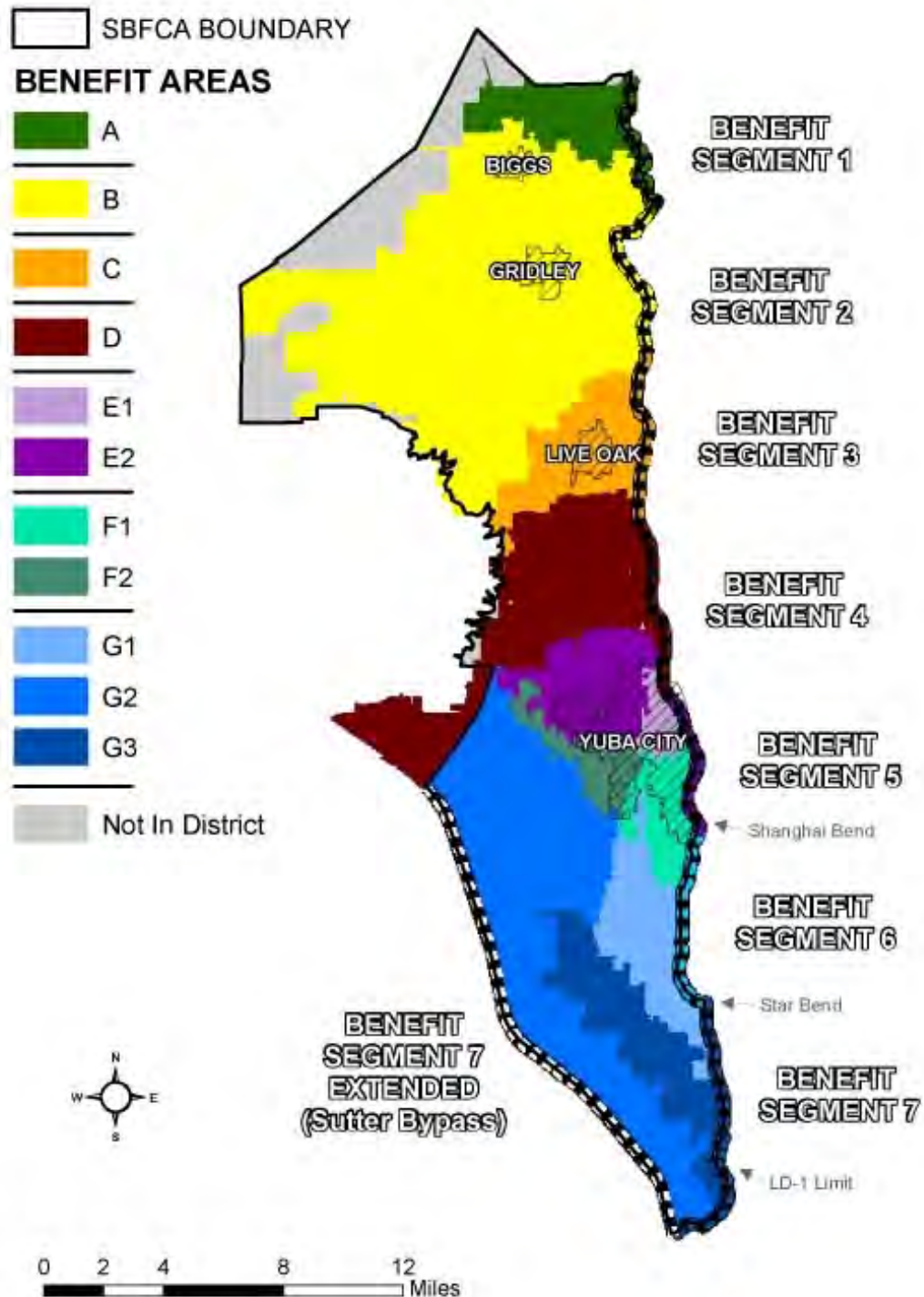
7. Benefit Area "F1" would consist of the 200-year floodplain area that includes the southeast portion of Yuba City with a total of 7,408 parcels and 4,494 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 4, 5 and 6. The relative risk in Benefit Area "F1" is $3/7$ or 42.9%;
8. Benefit Area "F2" would consist of the 200-year floodplain area that includes the southwest portion of Yuba City with a total of 4,076 parcels and 3,477 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 1, 2, 3, 4, 5 and 6. The relative risk in Benefit Area "F2" is $6/7$ or 85.7%;
9. Benefit Area "G1" would consist of the 100-year floodplain area that includes the southeast portion of Sutter County south of Yuba City with a total of 834 parcels and 8,799 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 4, 5, 6 and 7. The relative risk in Benefit Area "G1" is $(4/7) \times 0.5$ or 28.6%;
10. Benefit Area "G2" would consist of the 100-year floodplain area that includes the southwest portion of Sutter County south of Yuba City with a total of 1,062 parcels and 32,544 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 1, 2, 3, 4, 5, 6 and 7. The relative risk in Benefit Area "G2" is $(7/7) \times 0.5$ or 50.0%;
11. Benefit Area "G3" would consist of the 100-year floodplain area that includes the south-central portion of Sutter County south of Yuba City with a total of 494 parcels and 10,774 acres. This area reflects all parcels benefited from improvements to specific levee segments (measured by the maximum extent of flooding possible) from levee failures in only levee segments 2, 4, 5, 6 and 7. The relative risk in Benefit Area "G3" is $(5/7) \times 0.5$ or 35.7%;

Relative Risk Factors are summarized in Table 4.4.

TABLE 4.4: RELATIVE RISK FACTORS

Benefit Area	Location	Subject to Levee Failures in Segments	Relative Risk
A	Butte County	1	$1/7 = 14.3\%$
B	Biggs/Gridley	1, 2	$2/7 = 28.6\%$
C	Live Oak	1, 2, 3	$3/7 = 42.9\%$
D	Sutter North	1, 2, 3, 4	$4/7 = 57.1\%$
E1	Yuba City NE	4, 5	$2/7 = 28.6\%$
E2	Yuba City NW	1, 2, 3, 4, 5	$5/7 = 71.4\%$
F1	Yuba City SE	4, 5, 6	$3/7 = 42.9\%$
F2	Yuba City SW	1, 2, 3, 4, 5, 6	$6/7 = 85.7\%$
G1	Sutter SE	4, 5, 6, 7	$4/7 \times 0.5 = 28.6\%$
G2	Sutter SW	1, 2, 3, 4, 5, 6, 7	$7/7 \times 0.5 = 50.0\%$
G3	Sutter South Central	2, 4, 5, 6, 7	$5/7 \times 0.5 = 35.7\%$

FIGURE 4.2: BENEFIT AREAS



4.4 Assessment Spread

The amount of the annual assessments collected from the Assessment District is sized to be sufficient to cover the local share of the cost of the improvements and the District's administrative costs associated with these improvements.

- For the local share of the cost of levee improvements, the relative flood damage reduction benefit for each parcel was multiplied by the relative risk factor for the Benefit Area containing the parcel and summed for all parcels in the Assessment District. This total risk adjusted flood damage reduction benefit was then divided by \$5.90 million,⁸ the annual amount needed for levee improvements. The result is 0.00306805, the improvements rate portion of the total assessment rate.
- For the administrative cost of the District, the relative flood damage reduction benefit for each parcel was summed for all parcels in the Assessment District without consideration of the relative risk factor. The relative risk factor was not used for the administrative costs because the administrative costs must be paid to allow for the existence of the assessment district, and hence the activities to be funded by the assessment, and thus the benefit affects all parcels such as to make the relative risk factor irrelevant. This total flood damage reduction benefit was then divided by \$750,000, the annual amount needed for administration of the District. The result is 0.00018860, the administration rate portion of the total assessment rate.
- The annual assessment is calculated by multiplying each parcel's risk adjusted flood damage benefit by the improvement rate, multiplying each parcel's flood damage benefit by the administration rate, and adding the two amounts together. This insures parcel assessments are in proportion to the relative flood damage reduction benefits they receive from the activities to be funded by the assessment.

The details of applying the assessment rates to calculate an individual parcel's assessment are illustrated in Appendix C. Alternatively, an equivalent simplified formula to calculate assessments for all parcels can be expressed as follows:

$$[(\text{Building Rate}) \times (\text{Building Square Footage})] + [(\text{Parcel Rate}) \times (\text{Parcel Acreage})] = \text{Annual Assessment}$$

- Building Rate is a function of Benefit Area, Land Use, and Flood Depth Zone

⁸ Much of the data being used by SBFCA to generate the rates comes from the County Assessors for Sutter and Butte Counties. Because this data is not maintained by the Assessors in a form designed to support this 218 assessment effort, SBFCA staff has worked to refine the data so it properly reflects the conditions on the ground. However, throughout this formation period (and indeed even after formation of the assessment district), data errors have and will continue to come to light that require modification of the database. Changes in the data without a corresponding change in the rates established by this report will, by definition, change the total amount raised in any one year. For example, If the data assumes the existence of a house that has since burned down and not been reconstructed, once the database is corrected the rates will generate a smaller total assessment. On the other hand, if the data assumes an empty lot where a house has since been constructed, once the database is corrected the rates will generate a larger total assessment. Due to the database being constantly refined (either through internal review or an external appeal process), it is infeasible to fine-tune the rates as between the Draft Preliminary Engineer's Report, the Preliminary Engineer's Report, and the Final Engineer's Report. In addition, because changes to the database will either increase or decrease the total amount assessed, it is presumed that these amount will roughly offset each other. Therefore, although minor changes to the database have been and are continuing to be made during the formation period, the rates proposed in this Report are not being fine-tuned, even though that will result in a total assessment which is slightly less than or slightly more than \$ 6.65 million (\$5.9 million for debt service plus \$775,000 for administration).

- Parcel Rate is a function of Benefit Area and Land Use
- Square Footage for the first and second stories of all residential structures and for the first story of all commercial, industrial and agricultural structures was determined for each improved parcel in the Assessment District using data available from the County Assessor's records or other sources
- Parcel Acreage was obtained from the County Assessor's records
- Land Use categories were assigned to each parcel based on the County Assessor's Land Use Codes (Appendix B) and the assignments provided in Appendix D.
- Benefit Areas are as shown in Figure 4.2
- Flood Depth Zones are as defined in Figure 4.1
- Table 4.4 contains the Building Rate and Parcel Rate multipliers for the various Land Use categories, Benefit Areas and Flood Depth Zones. The use of Table 4.4 is demonstrated in the example assessment calculations below.

4.5 Example Assessment Calculations

Using the assessment formula, Table 4.4 and the steps listed below, an individual parcel's assessment for either a current land use or potential future land use can be calculated.

- Step 1 – using Figure 4.2, determine the Benefit Area for the property
- Step 2 – determine the appropriate Land Use category for the property
- Step 3 – using Figure 4.1, determine the Flood Depth Zone for the property
- Step 4 – using Table 4.4, determine the appropriate Parcel Rate and Building Rate multipliers.
- Step 5 – insert the actual parcel acreage and appropriate building square footage into the assessment formula and calculate the assessment

The following examples illustrate such calculations.

Example 1

Assume a single-family residential property located in the Benefit Area "B", Flood Depth Zone 2 to 4 feet, parcel size is 0.2 acres and building total square footage is 1,700 square feet. From Table 4.4, Parcel Rate = 26.758 and Building Rate = 0.022387. The assessment is calculated as:

$$(0.022387 \times 1,700 \text{ sf}) + (26.758 \times 0.2 \text{ ac}) = \$43$$

Example 2

Assume a commercial property located in Benefit Area "C", Flood Depth Zone 4 to 6 feet, parcel size is 0.4 acres and building first-floor square footage is 5,000 square feet. From Table 4.4, Parcel Rate = 83.365 and Building Rate = 0.114815. The assessment is calculated as:

$$(0.114815 \times 5,000 \text{ sf}) + (83.365 \times 0.4 \text{ ac}) = \$607$$

Example 3

Assume an industrial property located in Benefit Area "E1", Flood Depth Greater than 6 feet, parcel size is 1.0 acres and building first floor square footage is 10,000 square feet. From Table 4.4, Parcel Rate = 24.839 and Building Rate = 0.057567. The assessment is calculated as:

$$(0.057567 \times 10,000 \text{ sf}) + (24.839 \times 1.0 \text{ ac}) = \$601$$

Example 4

Assume an agricultural-residential (non-orchard) property located in Benefit Area "G3", Flood Depth Zone greater than 6 feet, parcel size is 40.0 acres, residential building total square footage is 2,000 square feet, and additional building first floor square footage is 5,000 square feet.

From Table 4.4, Parcel Rate = 0.642, Residential Building Rate = 0.049301, and Additional Building Rate = 0.047504. The assessment is calculated as:

$$(0.049301 \times 2,000 \text{ sf}) + (0.047504 \times 5,000 \text{ sf}) + (0.642 \times 40.0 \text{ ac}) = \$362$$

TABLE 4.5: BUILDING AND PARCEL RATES BY LAND USE AND BENEFIT AREA

SCENARIO 6C		Benefit Area				A				B				C			
		Flood Depth Range				< 2ft	2 - 4ft	4 - 6ft	6 ft <	< 2ft	2 - 4ft	4 - 6ft	6 ft <	< 2ft	2 - 4ft	4 - 6ft	6 ft <
		Flood Depth Zone				1	2	3	4	1	2	3	4	1	2	3	4
Land Use	Rate																
Single-Family Residential (2)	Parcel (per Acre) (1)	15.746	15.746	15.746	15.746	26.758	26.758	26.758	26.758	37.770	37.770	37.770	37.770	37.770	37.770	37.770	37.770
	Building (per Building Sq Ft)	0.006022	0.013174	0.016561	0.024089	0.010234	0.022387	0.028144	0.040937	0.014446	0.031601	0.039726	0.057784	0.014446	0.031601	0.039726	0.057784
Residential Mobile Home (2)	Parcel (per Acre) (4)	15.746	15.746	15.746	15.746	26.758	26.758	26.758	26.758	37.770	37.770	37.770	37.770	37.770	37.770	37.770	37.770
	Building (per Building Sq Ft)	0.003011	0.006587	0.008281	0.012045	0.005117	0.011194	0.014072	0.020468	0.007223	0.015800	0.019863	0.028892	0.007223	0.015800	0.019863	0.028892
Multi Family Residential (2)	Parcel (per Acre)	17.440	17.440	17.440	17.440	29.636	29.636	29.636	29.636	41.833	41.833	41.833	41.833	41.833	41.833	41.833	41.833
	Building (per Building Sq Ft)	0.006022	0.013174	0.016561	0.024089	0.010234	0.022387	0.028144	0.040937	0.014446	0.031601	0.039726	0.057784	0.014446	0.031601	0.039726	0.057784
Agricultural Residential (Orchard)	Parcel (per Acre)	0.627	0.627	0.627	0.627	1.066	1.066	1.066	1.066	1.505	1.505	1.505	1.505	1.505	1.505	1.505	1.505
	Residential Building (per Sq Ft)	0.006022	0.013174	0.016561	0.024089	0.010234	0.022387	0.028144	0.040937	0.014446	0.031601	0.039726	0.057784	0.014446	0.031601	0.039726	0.057784
	Additional Building (per Sq Ft)	0.011919	0.015369	0.018506	0.023211	0.020255	0.026118	0.031449	0.039444	0.028591	0.036867	0.044391	0.055677	0.028591	0.036867	0.044391	0.055677
Agricultural Residential (Non-Orchard)	Parcel (per Acre)	0.314	0.314	0.314	0.314	0.533	0.533	0.533	0.533	0.752	0.752	0.752	0.752	0.752	0.752	0.752	0.752
	Residential Building (per Sq Ft)	0.006022	0.013174	0.016561	0.024089	0.010234	0.022387	0.028144	0.040937	0.014446	0.031601	0.039726	0.057784	0.014446	0.031601	0.039726	0.057784
	Additional Building (per Sq Ft)	0.011919	0.015369	0.018506	0.023211	0.020255	0.026118	0.031449	0.039444	0.028591	0.036867	0.044391	0.055677	0.028591	0.036867	0.044391	0.055677
Agricultural (Orchard)	Parcel (per Acre)	0.627	0.627	0.627	0.627	1.066	1.066	1.066	1.066	1.505	1.505	1.505	1.505	1.505	1.505	1.505	1.505
	Building (per FF Sq Ft)	0.011919	0.015369	0.018506	0.023211	0.020255	0.026118	0.031449	0.039444	0.028591	0.036867	0.044391	0.055677	0.028591	0.036867	0.044391	0.055677
Agricultural (Non-Orchard)	Parcel (per Acre)	0.314	0.314	0.314	0.314	0.533	0.533	0.533	0.533	0.752	0.752	0.752	0.752	0.752	0.752	0.752	0.752
	Building (per FF Sq Ft)	0.011919	0.015369	0.018506	0.023211	0.020255	0.026118	0.031449	0.039444	0.028591	0.036867	0.044391	0.055677	0.028591	0.036867	0.044391	0.055677
Institutional/Government	Parcel (per Acre)	34.754	34.754	34.754	34.754	59.060	59.060	59.060	59.060	83.365	83.365	83.365	83.365	83.365	83.365	83.365	83.365
	Building (per FF Sq Ft)	0.014930	0.035569	0.047865	0.055330	0.025372	0.060445	0.081340	0.094026	0.035814	0.085321	0.114815	0.132722	0.035814	0.085321	0.114815	0.132722
Commercial	Parcel (per Acre)	34.754	34.754	34.754	34.754	59.060	59.060	59.060	59.060	83.365	83.365	83.365	83.365	83.365	83.365	83.365	83.365
	Building (per FF Sq Ft)	0.014930	0.035569	0.047865	0.055330	0.025372	0.060445	0.081340	0.094026	0.035814	0.085321	0.114815	0.132722	0.035814	0.085321	0.114815	0.132722
Industrial	Parcel (per Acre)	14.617	14.617	14.617	14.617	24.839	24.839	24.839	24.839	35.062	35.062	35.062	35.062	35.062	35.062	35.062	35.062
	Building (per FF Sq Ft)	0.020388	0.024152	0.028230	0.033876	0.034647	0.041043	0.047973	0.057567	0.048906	0.057934	0.067715	0.081258	0.048906	0.057934	0.067715	0.081258
Vacant Residential	Parcel (per Acre) (3)	7.591	7.591	7.591	7.591	12.899	12.899	12.899	12.899	18.208	18.208	18.208	18.208	18.208	18.208	18.208	18.208
	Building (per FF Sq Ft)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacant Commercial	Parcel (per Acre)	20.702	20.702	20.702	20.702	35.180	35.180	35.180	35.180	49.658	49.658	49.658	49.658	49.658	49.658	49.658	49.658
	Building (per FF Sq Ft)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacant Industrial	Parcel (per Acre)	4.203	4.203	4.203	4.203	7.143	7.143	7.143	7.143	10.082	10.082	10.082	10.082	10.082	10.082	10.082	10.082
	Building (per FF Sq Ft)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacant Public	Parcel (per Acre)	0.314	0.314	0.314	0.314	0.533	0.533	0.533	0.533	0.752	0.752	0.752	0.752	0.752	0.752	0.752	0.752
	Building (per FF Sq Ft)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

(2) Total Building SF not including garage area

(3) For large lot Vacant Residential parcels (parcel area greater than 0.5 acres), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

(4) For large lot Residential Mobile Home parcels (parcel area greater than 0.5 acre and building square footage less than 3,000), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

**TABLE 4.5: BUILDING AND PARCEL RATES BY LAND USE AND BENEFIT AREA
(CONTINUED)**

SCENARIO 6C		Benefit Area	D				E1				E2			
		Flood Depth Range	< 2ft	2 - 4ft	4 - 6ft	6 ft <	< 2ft	2 - 4ft	4 - 6ft	6 ft <	< 2ft	2 - 4ft	4 - 6ft	6 ft <
		Flood Depth Zone	1	2	3	4	1	2	3	4	1	2	3	4
Land Use	Rate													
Single-Family Residential (2)	Parcel (per Acre) (1)		48.705	48.705	48.705	48.705	26.758	26.758	26.758	26.758	59.717	59.717	59.717	59.717
	Building (per Building Sq Ft)		0.018628	0.040749	0.051228	0.074513	0.010234	0.022387	0.028144	0.040937	0.022840	0.049963	0.062810	0.091361
Residential Mobile Home (2)	Parcel (per Acre) (4)		48.705	48.705	48.705	48.705	26.758	26.758	26.758	26.758	59.717	59.717	59.717	59.717
	Building (per Building Sq Ft)		0.009314	0.020375	0.025614	0.037257	0.005117	0.011194	0.014072	0.020468	0.011420	0.024981	0.031405	0.045680
Multi Family Residential (2)	Parcel (per Acre)		53.944	53.944	53.944	53.944	29.636	29.636	29.636	29.636	66.141	66.141	66.141	66.141
	Building (per Building Sq Ft)		0.018628	0.040749	0.051228	0.074513	0.010234	0.022387	0.028144	0.040937	0.022840	0.049963	0.062810	0.091361
Agricultural Residential (Orchard)	Parcel (per Acre)		1.940	1.940	1.940	1.940	1.066	1.066	1.066	1.066	2.379	2.379	2.379	2.379
	Residential Building (per Sq Ft)		0.018628	0.040749	0.051228	0.074513	0.010234	0.022387	0.028144	0.040937	0.022840	0.049963	0.062810	0.091361
	Additional Building (per Sq Ft)		0.036869	0.047541	0.057243	0.071797	0.020255	0.026118	0.031449	0.039444	0.045204	0.058290	0.070186	0.088030
Agricultural Residential (Non-Orchard)	Parcel (per Acre)		0.970	0.970	0.970	0.970	0.533	0.533	0.533	0.533	1.190	1.190	1.190	1.190
	Residential Building (per Sq Ft)		0.018628	0.040749	0.051228	0.074513	0.010234	0.022387	0.028144	0.040937	0.022840	0.049963	0.062810	0.091361
	Additional Building (per Sq Ft)		0.036869	0.047541	0.057243	0.071797	0.020255	0.026118	0.031449	0.039444	0.045204	0.058290	0.070186	0.088030
Agricultural (Orchard)	Parcel (per Acre)		1.940	1.940	1.940	1.940	1.066	1.066	1.066	1.066	2.379	2.379	2.379	2.379
	Building (per FF Sq Ft)		0.036869	0.047541	0.057243	0.071797	0.020255	0.026118	0.031449	0.039444	0.045204	0.058290	0.070186	0.088030
Agricultural (Non-Orchard)	Parcel (per Acre)		0.970	0.970	0.970	0.970	0.533	0.533	0.533	0.533	1.190	1.190	1.190	1.190
	Building (per FF Sq Ft)		0.036869	0.047541	0.057243	0.071797	0.020255	0.026118	0.031449	0.039444	0.045204	0.058290	0.070186	0.088030
Institutional/Government	Parcel (per Acre)		107.501	107.501	107.501	107.501	59.060	59.060	59.060	59.060	131.807	131.807	131.807	131.807
	Building (per FF Sq Ft)		0.046183	0.110023	0.148056	0.171148	0.025372	0.060445	0.081340	0.094026	0.056624	0.134900	0.181531	0.209844
Commercial	Parcel (per Acre)		107.501	107.501	107.501	107.501	59.060	59.060	59.060	59.060	131.807	131.807	131.807	131.807
	Building (per FF Sq Ft)		0.046183	0.110023	0.148056	0.171148	0.025372	0.060445	0.081340	0.094026	0.056624	0.134900	0.181531	0.209844
Industrial	Parcel (per Acre)		45.212	45.212	45.212	45.212	24.839	24.839	24.839	24.839	55.435	55.435	55.435	55.435
	Building (per FF Sq Ft)		0.063065	0.074707	0.087320	0.104784	0.034647	0.041043	0.047973	0.057567	0.077323	0.091598	0.107063	0.128476
Vacant Residential	Parcel (per Acre) (3)		23.479	23.479	23.479	23.479	12.899	12.899	12.899	12.899	28.788	28.788	28.788	28.788
	Building (per FF Sq Ft)		0	0	0	0	0	0	0	0	0	0	0	0
Vacant Commercial	Parcel (per Acre)		64.035	64.035	64.035	64.035	35.180	35.180	35.180	35.180	78.513	78.513	78.513	78.513
	Building (per FF Sq Ft)		0	0	0	0	0	0	0	0	0	0	0	0
Vacant Industrial	Parcel (per Acre)		13.001	13.001	13.001	13.001	7.143	7.143	7.143	7.143	15.941	15.941	15.941	15.941
	Building (per FF Sq Ft)		0	0	0	0	0	0	0	0	0	0	0	0
Vacant Public	Parcel (per Acre)		0.970	0.970	0.970	0.970	0.533	0.533	0.533	0.533	1.190	1.190	1.190	1.190
	Building (per FF Sq Ft)		0	0	0	0	0	0	0	0	0	0	0	0

- (1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.
- (2) Total Building SF not including garage area
- (3) For large lot Vacant Residential parcels (parcel area greater than 0.5 acres), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.
- (4) For large lot Residential Mobile Home parcels (parcel area greater than 0.5 acres and building square footage less than 3,000), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

**TABLE 4.5: BUILDING AND PARCEL RATES BY LAND USE AND BENEFIT AREA
(CONTINUED)**

SCENARIO 6C		Benefit Area	F1				F2				G1			
		Flood Depth Range	< 2ft	2 - 4ft	4 - 6ft	6 ft <	< 2ft	2 - 4ft	4 - 6ft	6 ft <	< 2ft	2 - 4ft	4 - 6ft	6 ft <
		Flood Depth Zone	1	2	3	4	1	2	3	4	1	2	3	4
Land Use	Rate													
Single-Family Residential (2)	Parcel (per Acre) (1)		37.770	37.770	37.770	37.770	70.730	70.730	70.730	70.730	26.758	26.758	26.758	26.758
	Building (per Building Sq Ft)		0.014446	0.031601	0.039726	0.057784	0.027052	0.059176	0.074393	0.108208	0.010234	0.022387	0.028144	0.040937
Residential Mobile Home (2)	Parcel (per Acre) (4)		37.770	37.770	37.770	37.770	70.730	70.730	70.730	70.730	26.758	26.758	26.758	26.758
	Building (per Building Sq Ft)		0.007223	0.015800	0.019863	0.028892	0.013526	0.029588	0.037196	0.054104	0.005117	0.011194	0.014072	0.020468
Multi Family Residential (2)	Parcel (per Acre)		41.833	41.833	41.833	41.833	78.338	78.338	78.338	78.338	29.636	29.636	29.636	29.636
	Building (per Building Sq Ft)		0.014446	0.031601	0.039726	0.057784	0.027052	0.059176	0.074393	0.108208	0.010234	0.022387	0.028144	0.040937
Agricultural Residential (Orchard)	Parcel (per Acre)		1.505	1.505	1.505	1.505	2.818	2.818	2.818	2.818	1.066	1.066	1.066	1.066
	Residential Building (per Sq Ft)		0.014446	0.031601	0.039726	0.057784	0.027052	0.059176	0.074393	0.108208	0.010234	0.022387	0.028144	0.040937
	Additional Building (per Sq Ft)		0.028591	0.036867	0.044391	0.055677	0.053540	0.069039	0.083128	0.104263	0.020255	0.026118	0.031449	0.039444
Agricultural Residential (Non-Orchard)	Parcel (per Acre)		0.752	0.752	0.752	0.752	1.409	1.409	1.409	1.409	0.533	0.533	0.533	0.533
	Residential Building (per Sq Ft)		0.014446	0.031601	0.039726	0.057784	0.027052	0.059176	0.074393	0.108208	0.010234	0.022387	0.028144	0.040937
	Additional Building (per Sq Ft)		0.028591	0.036867	0.044391	0.055677	0.053540	0.069039	0.083128	0.104263	0.020255	0.026118	0.031449	0.039444
Agricultural (Orchard)	Parcel (per Acre)		1.505	1.505	1.505	1.505	2.818	2.818	2.818	2.818	1.066	1.066	1.066	1.066
	Building (per FF Sq Ft)		0.028591	0.036867	0.044391	0.055677	0.053540	0.069039	0.083128	0.104263	0.020255	0.026118	0.031449	0.039444
Agricultural (Non-Orchard)	Parcel (per Acre)		0.752	0.752	0.752	0.752	1.409	1.409	1.409	1.409	0.533	0.533	0.533	0.533
	Building (per FF Sq Ft)		0.028591	0.036867	0.044391	0.055677	0.053540	0.069039	0.083128	0.104263	0.020255	0.026118	0.031449	0.039444
Institutional/Government	Parcel (per Acre)		83.365	83.365	83.365	83.365	156.112	156.112	156.112	156.112	59.060	59.060	59.060	59.060
	Building (per FF Sq Ft)		0.035814	0.085321	0.114815	0.132722	0.067066	0.159776	0.215007	0.248540	0.025372	0.060445	0.081340	0.094026
Commercial	Parcel (per Acre)		83.365	83.365	83.365	83.365	156.112	156.112	156.112	156.112	59.060	59.060	59.060	59.060
	Building (per FF Sq Ft)		0.035814	0.085321	0.114815	0.132722	0.067066	0.159776	0.215007	0.248540	0.025372	0.060445	0.081340	0.094026
Industrial	Parcel (per Acre)		35.062	35.062	35.062	35.062	65.657	65.657	65.657	65.657	24.839	24.839	24.839	24.839
	Building (per FF Sq Ft)		0.048906	0.057934	0.067715	0.081258	0.091582	0.108490	0.126806	0.152167	0.034647	0.041043	0.047973	0.057567
Vacant Residential	Parcel (per Acre) (3)		18.208	18.208	18.208	18.208	34.097	34.097	34.097	34.097	12.899	12.899	12.899	12.899
	Building (per FF Sq Ft)		0	0	0	0	0	0	0	0	0	0	0	0
Vacant Commercial	Parcel (per Acre)		49.658	49.658	49.658	49.658	92.991	92.991	92.991	92.991	35.180	35.180	35.180	35.180
	Building (per FF Sq Ft)		0	0	0	0	0	0	0	0	0	0	0	0
Vacant Industrial	Parcel (per Acre)		10.082	10.082	10.082	10.082	18.880	18.880	18.880	18.880	7.143	7.143	7.143	7.143
	Building (per FF Sq Ft)		0	0	0	0	0	0	0	0	0	0	0	0
Vacant Public	Parcel (per Acre)		0.752	0.752	0.752	0.752	1.409	1.409	1.409	1.409	0.533	0.533	0.533	0.533
	Building (per FF Sq Ft)		0	0	0	0	0	0	0	0	0	0	0	0

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

(2) Total Building SF not including garage area

(3) For large lot Vacant Residential parcels (parcel area greater than 0.5 acres), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

(4) For large lot Residential Mobile Home parcels (parcel area greater than 0.5 acres and building square footage less than 3,000), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

**TABLE 4.5: BUILDING AND PARCEL RATES BY LAND USE AND BENEFIT AREA
(CONTINUED)**

SCENARIO 6C		Benefit Area				G2				G3			
		Flood Depth Range											
		Flood Depth Zone											
Land Use	Rate	1	2	3	4	1	2	3	4	1	2	3	4
Single-Family Residential (2)	Parcel (per Acre) (1)	43.238	43.238	43.238	43.238	32.226	32.226	32.226	32.226				
	Building (per Building Sq Ft)	0.016537	0.036175	0.045477	0.066149	0.012325	0.026962	0.033895	0.049301				
Residential Mobile Home (2)	Parcel (per Acre) (4)	43.238	43.238	43.238	43.238	32.226	32.226	32.226	32.226				
	Building (per Building Sq Ft)	0.008269	0.018087	0.022739	0.033074	0.006163	0.013481	0.016947	0.024651				
Multi Family Residential (2)	Parcel (per Acre)	47.889	47.889	47.889	47.889	35.692	35.692	35.692	35.692				
	Building (per Building Sq Ft)	0.016537	0.036175	0.045477	0.066149	0.012325	0.026962	0.033895	0.049301				
Agricultural Residential (Orchard)	Parcel (per Acre)	1.723	1.723	1.723	1.723	1.284	1.284	1.284	1.284				
	Residential Building (per Sq Ft)	0.016537	0.036175	0.045477	0.066149	0.012325	0.026962	0.033895	0.049301				
	Additional Building (per Sq Ft)	0.032730	0.042204	0.050817	0.063737	0.024394	0.031455	0.037875	0.047504				
Agricultural Residential (Non-Orchard)	Parcel (per Acre)	0.861	0.861	0.861	0.861	0.642	0.642	0.642	0.642				
	Residential Building (per Sq Ft)	0.016537	0.036175	0.045477	0.066149	0.012325	0.026962	0.033895	0.049301				
	Additional Building (per Sq Ft)	0.032730	0.042204	0.050817	0.063737	0.024394	0.031455	0.037875	0.047504				
Agricultural (Orchard)	Parcel (per Acre)	1.723	1.723	1.723	1.723	1.284	1.284	1.284	1.284				
	Building (per FF Sq Ft)	0.032730	0.042204	0.050817	0.063737	0.024394	0.031455	0.037875	0.047504				
Agricultural (Non-Orchard)	Parcel (per Acre)	0.861	0.861	0.861	0.861	0.642	0.642	0.642	0.642				
	Building (per FF Sq Ft)	0.032730	0.042204	0.050817	0.063737	0.024394	0.031455	0.037875	0.047504				
Institutional/Government	Parcel (per Acre)	95.433	95.433	95.433	95.433	71.127	71.127	71.127	71.127				
	Building (per FF Sq Ft)	0.040998	0.097672	0.131436	0.151935	0.030557	0.072796	0.097961	0.113239				
Commercial	Parcel (per Acre)	95.433	95.433	95.433	95.433	71.127	71.127	71.127	71.127				
	Building (per FF Sq Ft)	0.040998	0.097672	0.131436	0.151935	0.030557	0.072796	0.097961	0.113239				
Industrial	Parcel (per Acre)	40.137	40.137	40.137	40.137	29.915	29.915	29.915	29.915				
	Building (per FF Sq Ft)	0.055985	0.066321	0.077518	0.093021	0.041726	0.049430	0.057775	0.069330				
Vacant Residential	Parcel (per Acre) (3)	20.844	20.844	20.844	20.844	15.535	15.535	15.535	15.535				
	Building (per FF Sq Ft)	0	0	0	0	0	0	0	0				
Vacant Commercial	Parcel (per Acre)	56.846	56.846	56.846	56.846	42.368	42.368	42.368	42.368				
	Building (per FF Sq Ft)	0	0	0	0	0	0	0	0				
Vacant Industrial	Parcel (per Acre)	11.542	11.542	11.542	11.542	8.602	8.602	8.602	8.602				
	Building (per FF Sq Ft)	0	0	0	0	0	0	0	0				
Vacant Public	Parcel (per Acre)	0.861	0.861	0.861	0.861	0.642	0.642	0.642	0.642				
	Building (per FF Sq Ft)	0	0	0	0	0	0	0	0				

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

(2) Total Building SF not including garage area

(3) For large lot Vacant Residential parcels (parcel area greater than 0.5 acres), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

(4) For large lot Residential Mobile Home parcels (parcel area greater than 0.5 acres and building square footage less than 3,000), multiply area greater than 0.5 acre by Agricultural (Orchard) parcel rate.

4.6 Special Procedures

Public Parcels. Consistent with the requirements of Proposition 218, all publicly owned parcels are assessed proportionately to the special flood damage reduction benefit they receive from the improvements. That is, public parcels are treated the same as privately owned parcels for assessment calculation purposes. As shown in Appendix D, County Assessor's land use codes were used to classify privately owned properties into land use categories (e.g., single-family residential, multi-family residential, commercial, industrial, agricultural and corresponding vacant categories). For public parcels, however, the Assessor's land use codes only designate the type of public ownership. Therefore, to calculate assessments for these parcels, a land use category was assigned to each public parcel based on its assumed current use.

Minimum Assessments. The minimum annual assessment will be \$1.50 to reflect SBFCA's cost to administer the Assessment District roll. All annual assessments calculated to be less than \$1.50 will be raised to the \$1.50 minimum.

Updating Assessment Rolls. Recalculating assessments on an annual basis would accommodate changes in the Assessment District over time. These changes can result from development activity such as recordation of subdivision maps, zoning changes, conditional use permits, and lot splits. An increase in building square footage, placement of a structure on an undeveloped parcel, or other such changes would trigger a recalculation of the assessment on the underlying property.

It is recognized that when dealing with the thousands of parcels that will be part of the Assessment District, using information from the Sutter and Butte County Assessor's Office as the primary source of data for individual parcel characteristics may lead to some errors and some circumstances that do not precisely fit the intent of the new district. Where such circumstances are discovered, either by the persons administering the Assessment District or by the owners of the properties affected, the Executive Director of SBFCA (or his designee) shall review such circumstances. The Executive Director (or his designee) shall determine if corrections or adjustments are appropriate, any such corrections or adjustments being consistent with the concept, intent and parameters of the Assessment District as set forth herein. Unless such proposed changes are appealed to the SBFCA Board of Directors, they will be incorporated into the assessment roll.

4.7 Typical Assessments

Table 4.5 presents a comparison of assessments for a "typical" single family residential (SFR) parcel across all benefit areas and flood depth zones. Table 4.6 and Table 4.7 provide similar comparisons of assessments for a "typical" commercial property and a "typical" industrial property, respectively. Table 4.8 provides assessments per acre for the two agricultural categories.

TABLE 4.6: TYPICAL SINGLE FAMILY RESIDENTIAL ASSESSMENTS**Typical Single Family Residential Assessment by Flood Depth and Benefit Area**

SCENARIO 6C	FLOOD DEPTH			
BENEFIT AREA	Less than 2ft	2ft - 4ft	4ft - 6ft	Greater than 6ft
A	\$ 13	\$ 26	\$ 31	\$ 44
B	\$ 23	\$ 43	\$ 53	\$ 75
C	\$ 32	\$ 61	\$ 75	\$ 106
D	\$ 41	\$ 79	\$ 97	\$ 136
E1	\$ 23	\$ 43	\$ 53	\$ 75
E2	\$ 51	\$ 97	\$ 119	\$ 167
F1	\$ 32	\$ 61	\$ 75	\$ 106
F2	\$ 60	\$ 115	\$ 141	\$ 198
G1	\$ 23	\$ 43	\$ 53	\$ 75
G2	\$ 37	\$ 70	\$ 86	\$ 121
G3	\$ 27	\$ 52	\$ 64	\$ 90

NOTE: Parcel assessments based on a single family residential home having a building size of 1700 square feet (excluding garage) and a parcel size of 0.20 acres.

TABLE 4.7: TYPICAL COMMERCIAL ASSESSMENTS**Typical COMMERCIAL Assessment by Flood Depth and Benefit Area**

SCENARIO 6C	FLOOD DEPTH			
BENEFIT AREA	Less than 2ft	2ft - 4ft	4ft - 6ft	Greater than 6 ft
A	\$ 89	\$ 192	\$ 253	\$ 291
B	\$ 150	\$ 326	\$ 430	\$ 494
C	\$ 212	\$ 460	\$ 607	\$ 697
D	\$ 274	\$ 593	\$ 783	\$ 899
E1	\$ 150	\$ 326	\$ 430	\$ 494
E2	\$ 336	\$ 727	\$ 960	\$ 1,102
F1	\$ 212	\$ 460	\$ 607	\$ 697
F2	\$ 398	\$ 861	\$ 1,137	\$ 1,305
G1	\$ 150	\$ 326	\$ 430	\$ 494
G2	\$ 243	\$ 527	\$ 695	\$ 798
G3	\$ 181	\$ 392	\$ 518	\$ 595

NOTE: Parcel assessments based on a commercial parcel having a building size of 5,000 square feet and a parcel size of 0.40 acres.

TABLE 4.8: TYPICAL INDUSTRIAL ASSESSMENTS

Typical INDUSTRIAL Assessment by Flood Depth and Benefit Area

SCENARIO 6C	FLOOD DEPTH			
BENEFIT AREA	Less than 2ft	2ft - 4ft	4ft - 6ft	Greater than 6 ft
A	\$ 218	\$ 256	\$ 297	\$ 353
B	\$ 371	\$ 435	\$ 505	\$ 601
C	\$ 524	\$ 614	\$ 712	\$ 848
D	\$ 676	\$ 792	\$ 918	\$ 1,093
E1	\$ 371	\$ 435	\$ 505	\$ 601
E2	\$ 829	\$ 971	\$ 1,126	\$ 1,340
F1	\$ 524	\$ 614	\$ 712	\$ 848
F2	\$ 981	\$ 1,151	\$ 1,334	\$ 1,587
G1	\$ 371	\$ 435	\$ 505	\$ 601
G2	\$ 600	\$ 703	\$ 815	\$ 970
G3	\$ 447	\$ 524	\$ 608	\$ 723

NOTE: Parcel assessments based on an industrial parcel having a building size of 10,000 square feet and a parcel size of 1.0 acre.

TABLE 4.9: TYPICAL AGRICULTURAL ASSESSMENTS

AG and AG_ORCHARD (Typical) Assessments per Acre by Benefit Area (excluding structures)

SCENARIO 6C	Typical Asmt (Excluding Structures)	
BENEFIT AREA	AGRICULTURAL	AGRICULTURAL_ORCHARD
A	\$ 0.31	\$ 0.63
B	\$ 0.53	\$ 1.07
C	\$ 0.75	\$ 1.50
D	\$ 0.97	\$ 1.94
E1	\$ 0.53	\$ 1.07
E2	\$ 1.19	\$ 2.38
F1	\$ 0.75	\$ 1.50
F2	\$ 1.41	\$ 2.82
G1	\$ 0.53	\$ 1.07
G2	\$ 0.86	\$ 1.72
G3	\$ 0.64	\$ 1.28

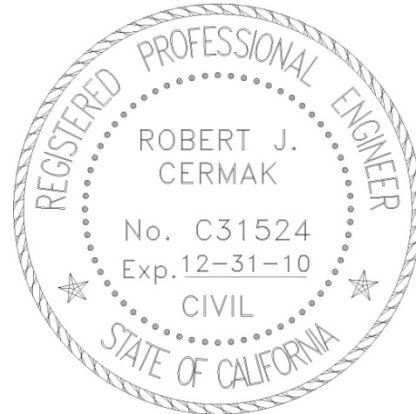
NOTE: Actual parcel assessments will vary based on parcel acreage.

5. Conclusions

It is concluded that the proposed new assessments do not exceed the special benefit received by the properties assessed over and above the benefits conferred on the public at large. It is also concluded that the amount of each assessment is proportional to, and no greater than, the special benefits conferred on each property assessed.

Robert J. Cermak

By: Robert J. Cermak, P.E.
Parsons Brinckerhoff



6. Schedule

In order to have Fiscal Year 2010-11 assessments collected on the Sutter and Butte County tax bills, the assessment roll for the new assessment district must be endorsed and filed with the Sutter and Butte County Auditor/Tax Collector no later than August 15, 2010. A schedule to meet this requirement is as follows:

Date	Event
March 18, 2010	Draft Preliminary Engineer's Report provided to SBFCA Board
April 7, 2010	Preliminary Engineer's Report filed and delivered to SBFCA Board
April 14, 2010 and May 12, 2010	JPA Board Meeting/Public Hearing on the new assessment district: Board Action: Adopt Resolution of Intention to undertake a special capital assessment proceeding for the formation of the new assessment district, JPA Board Action: Adopt resolution tentatively approving the Preliminary Engineer's Report and setting the date, time and place for a public hearing to consider formation of the new assessment district.
May 14, 2010	Clerk of the JPA Board mails notice of hearing and assessment district ballots.
May 3 to May 11, 2010	SBFCA presents Community Workshops on the new assessment district.
June 30, 2010	JPA Board Meeting/Public Hearing on formation of the new assessment district: Open public hearing Opportunity for property owners to cast ballot or change ballot Consider any protests lodged against the new assessment district Determine whether any modifications need to be made to Engineer's Report Close public hearing Direct Clerk of JPA Board to tabulate the assessment ballots Adjourn JPA Board meeting to allow the Clerk time to tabulate the ballots, including any submitted at the hearing.
July 14, 2010	Reconvene JPA Board meeting: JPA Board Action: Receive and certify ballot tabulation JPA Board Action: Assuming no majority protest, adopt Resolution Confirming Final Engineer's Report (including any modifications to the report); ordering formation of the new assessment district and the levy and collection of assessments, and the sale of bonds as necessary to implement rehabilitation of facilities
August 15, 2010	If new assessment district is formed, assessment roll transmitted to Sutter and Butte County Auditor/Tax Collector for inclusion on County tax bills.
October 2010	Final day for property tax bills to be mailed.

7. References

- Kleinfelder, *Preliminary Problem Identification and Conceptual Alternatives Analysis Report, Feather River West Levee Evaluation, Thermalito Afterbay to Yuba City, Butte and Sutter Counties, California*, September 2009
- Peterson Brustad Inc., *Preliminary Design Report for the Feather River West Levee Early Implementation Project*, September 2009
- Peterson Brustad Inc., *Technical Memorandum: SBFCA Feather River Levee Improvements, EIP Cost Analysis*, March 15, 2010
- Parsons Brinckerhoff Quade & Douglas, Inc., *Engineer's Report for SAFCA Operation and Maintenance Assessment for Assessment District No. 1*, June 20, 1991.
- US Army Corps of Engineers, Sacramento District, *American River Watershed Investigation, California: Feasibility Report*, Parts I and II, Volumes 1 through 8, Appendixes A through T, December 1991.
- US Army Corps of Engineers, *San Joaquin River Basin, South Sacramento County Streams Investigation, California: Final Feasibility Report, Main Report*, March 1998.
- US Army Corps of Engineers, *Draft Economic Reevaluation Report*, American River Watershed Project, California, Appendix D, Attachment II, Technical Report: *Content Valuation and Depth-Damage Curves for Non-Residential Structures*, Sacramento District, May 2007

**APPENDIX A: BASE LAND VALUE
APPRAISAL REPORT (SAFCA O&M ASSESSMENT
DISTRICT)**

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Base Land Value Appraisal Report
SAFCA Assessment District No. 1

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ADDENDA

- Exhibit A: Valuation Codes
- ~~Exhibit B: Sacramento County Use Code~~
- ~~Exhibit C: Sutter County Use Code~~

BASE LAND VALUE APPRAISAL REPORT
SAFCA ASSESSMENT DISTRICT NO. 1

PURPOSE :

To provide appraisal services to establish base land values for various land use categories within SAFCA Assessment District No. 1 (District) area of influence in Sacramento County and a portion of South Sutter County.

This report and recommendation of base land values specifically addresses the following points:

1. All parcels within the District have been classified and valued for use in the benefit assessment process by county assessor's parcel number.
2. The respective base values will bear a relationship to the property area, usage and zoning as reflected in the classification system.
3. The valuation methodology will apply equally to all properties.
4. The benefit relationship as it applies to individual parcels will be administered by the District and is not addressed in this report.
5. The base value estimates consider land alone, exclusive of any building improvements.
6. The base value recommendations for each land area classification are not representative of fair market value.

LAND APPRAISAL SERVICES

General

The purpose of this report is to provide valuation data relative to the lands within the District that can be utilized by the Assessment Engineer and reviewed by the Valuation Assessment Commissioners.

The work required to prepare the requested information was completed in the following sequence:

Scope of Work

- Task 1 - All Impacted Parcels Have Been Identified
- Task 2 - Locations of Impacted Parcels Have Been Determined
- Task 3 - The Land Use Codes Established by the Respective County Assessor's Office Have Been Analyzed by Location and Number of Parcels
- Task 4 - Base Land Values by Land Use and Use Code Categories Have Been Established By Market Data Analysis
- Task 5 - A Land Value Report Has Been Prepared and Transmitted to the Assessment Engineer
- Task 6 - Appraisal Staff of Dutra Appraisal Service Has and Will Continue to Attend Meetings
- Task 7 - Dutra Appraisal Service Staff Will Plan To Advise and Review Issues Related to Disputed Values

Task 1 - Listing of Impacted Parcels

The Assessment Engineer has provided the appraiser a current listing of all parcels that are being impacted by the formation of the proposed assessment District. This listing included the following information:

- A. Parcel Number in accordance with the respective County Tax Assessor offices.
- B. Parcel land use code, parcel size and zoning. The land use categories being used are five in number as follows:
 - 1. Agricultural
 - 2. Commercial
 - 3. Industrial
 - 4. Residential
 - 5. Miscellaneous
- C. Size of parcel in acreage or by square footage for all parcels.

Task 2 - Locations of Impacted Parcels

The Assessment Engineer has provided locations of all parcels. Said identification was by assessor parcel number and County Assessor's parcel maps.

Task 3 - Development of General Land and Use Code Value Categories

The appraiser has reviewed the existing land use and use code categories. This review included a study of market transactions for the 30-month period of July 1988 to December 1990. The resulting analysis indicated the following land use categories:

<u>Number</u>	<u>Classification</u>	<u>Sub-Classification</u>
1	Agricultural	A 1-6
2	Commercial	C 1-10
3	Industrial	I 1-3
4	Residential	R 0-11
5	Miscellaneous	Code based on predominant use of above classifications

The general use category and sub classification value system has been applied on a per-square-foot-of-land-area basis.

Task 4 - Development of Land Values by Land Use Classification

The appraiser/consultant has employed recognized real estate appraisal techniques to:

- A. Develop a consistent and logical land use classification system with application to the specific task at hand.

- B. The principal basis of said classification system is a reflection of the market activity on lands within the confines of the District.
- C. The city and county use code were adhered to in the District valuation.
- D. An analysis of property size, particularly those parcels less than one acre, was conducted to ascertain proper and meaningful value estimates. All properties were valued on the basis of total square feet as determined by the County Assessor's Office or the Assessment Engineer.
- E. Sales data within the District was collected and analyzed. Said data determined the assigned value for each land classification.
- F. Upon completion of this sales analysis, unit values were assigned to each land classification. Value codes were based upon a per-square-foot basis. It was the appraiser's goal to insure a consistent and uniform application of the unit values within and between each class and category of property.

Task 5 - Prepare and Issue Reports

The appraiser has prepared and transmitted a valuation report that sets forth the methodology used in arriving at the selected land values by land use category. Said document is identified as the Base Land Value Appraisal Report. This report includes a "Property Inventory Listing." This listing is arranged in parcel number order. the significant entries include the following:

Parcel Number
Parcel Size
Classification
Use Code, Value Code
Property Value

Task 6 - Attend Meetings/Coordination

To maintain a consistency of action with other participants in the project, the appraiser has and will continue to attend the working committee meetings and most public meetings to be conducted in accordance with the District Assessment Requirements.

Task 7 - Advise and Review Issues Related to Disputed Values

The appraiser will be available to advise and review problems that develop due to errors of Area, Mapping, and Valuation issues. This service will apply to the current "Property Inventory Listing."

VALUATION METHODOLOGY

To facilitate and simplify the process of valuing the property encompassed within the District and to provide the assessment data, three significant property characteristics were analyzed to develop a consistent valuation approach in an interrelated pattern as follows:

1. Use Code

The use code as determined by the Sacramento and Sutter County Assessors' office was used in the valuation process. In the instance where the use code differs from the zoning, as of March 1, 1990, the appraiser relied most heavily upon the use code classification.

2. Location

Land values are greatly influenced by the parcel location within the District. This was taken into account in determining the base land values.

3. Parcel Size

The parcel size in conjunction with the value code determined the base land value used in the valuation process.

The value sought in this analysis is based upon commonly accepted principles of real estate appraising in deriving fee simple market value. The exception of this principle is that the value derived is not market value for any one parcel of land being valued. The primary purpose of this phase is the establishment of value relationships between the various property classifications.

This value relationship is applicable to all of the properties within the District, i.e., approximately 303,600 parcels of land.

The estimation of a property's value involves a systematic process in which the appraisal problem is defined and the data required is gathered, analyzed and interpreted into an estimate of value. Traditionally, three methods of valuation have been used in appraising: the cost, market and income approaches.

However, due to the nature and purpose of the property being appraised, the cost and income approaches to value will not be utilized. This places the emphasis upon the market data approach to value.

The market data approach involves the comparison of the property or class of properties to similar properties that have been recently sold or that are offered for sale. These sales are reviewed for differences such as the date of sale, location of the site, physical characteristics, density, utility of use and other factors. The comparable properties are then adjusted to formulate a value range to the property being appraised.

The final step in the valuation approach is the estimate of the final value based upon the market activity and estimated future worth of that particular class of property as determined by the sales analysis.

The value estimate indicated by this approach is then reconciled into a final value conclusion for each class of property being valued within the SAFCA District.

The valuation process is based upon a six-part procedure:

1. County Assessor map books, ownership list and parcel data is furnished to the appraiser by the Assessment Engineer.
2. Sales data for the latest thirty-month period in a book, use code and parcel number listing is analyzed by the appraisal staff. Supplementing this source of information are the sales files of Dutra Appraisal Service. Said data has been analyzed in both a field and office situation to assist the appraiser in establishing the general level of value for the area.
3. The appraiser has determined the appropriate value code, reflecting the general characteristics of the property. The representative value for this code is applied to the square footage of each parcel by the Assessment Engineer and reviewed and confirmed by the Appraiser.
4. At the appraiser's discretion, audits of specific properties or use code types will be conducted to test the consistency and reliability of the value findings.
5. Based upon the test results, the original value submission may be changed or errors discovered in the process will be corrected.
6. At the conclusion of the testing period, values will be finalized.

The value codes and property values are organized on a general use concept as follows:

All Agricultural Properties

Value Codes		
A-1 - \$.10/SF	\$ 5,000/Acre	
A-2 - \$.25/SF	\$10,750/Acre	
A-3 - \$.50/SF	\$21,750/Acre	
A-4 - \$1.00/SF	\$43,500/Acre	
A-5 - \$1.50/SF	\$65,000/Acre	
A-6 - \$2.00/SF	\$87,120/Acre	

Agricultural properties are found in the northern and southern areas of the District. The lower values are for those properties most remote from urban development having marginal potential for further development.

All Commercial Properties

C-1	- \$ 2.00/SF
C-2	- \$ 4.00/SF
C-3	- \$ 7.00/SF
C-4	- \$ 10.00/SF
C-5	- \$ 15.00/SF
C-6	- \$ 25.00/SF
C-7	- \$ 40.00/SF
C-8	- \$ 70.00/SF
C-9	- \$100.00/SF
C-10	- \$150.00/SF

Commercial properties are distributed throughout the District. The greatest concentration is in downtown Sacramento, but there are shopping centers, commercial strips, and isolated commercially used property almost everywhere.

The lower C-1 and C-2 value codes were applied to those properties located in marginal areas, i.e., "Mom and Pop" operations in disadvantaged neighborhoods. The highest, C-8, C-9 and C-10, value codes were limited to high-density multi-story properties in downtown Sacramento. The mid-range value codes were used in the shopping centers and commercial strip areas.

All Industrial Properties

M-1	- \$1.50/SF
M-2	- \$3.00/SF
M-3	- \$5.00/SF

Industrial use properties are found throughout the area. The lowest values for industrial land were found in the vacant industrial areas and where the industrial complex was sparsely developed over a large site. The highest value code was used in those areas of built-up planned industrial parks and in those industrial areas in transition to commercial use.

All Residential Properties

R-0	- \$ 1.00/SF
R-1	- \$ 2.00/SF
R-2	- \$ 3.00/SF
R-3	- \$ 4.00/SF
R-4	- \$ 5.00/SF
R-5	- \$ 6.00/SF
R-6	- \$ 7.00/SF
R-7	- \$ 8.50/SF
R-8	- \$10.00/SF
R-9	- \$12.50/SF
R-10	- \$15.00/SF
R-11	- \$25.00/SF

The lower value codes are predominate in areas of large parcel size properties or disadvantaged neighborhoods, or in areas removed from urban influences. The mid-range of value codes were scattered throughout the District and are representative of the majority of residential property. The extreme upper value codes are limited to quality condominium and planned unit developments characterized by small parcel sizes.

All Miscellaneous Properties

The value code for miscellaneous properties is based upon the predominate uses within the location or neighborhood of the property being valued.

A percentage of the district properties is exempt from property taxes; these include but are not limited to city, county, state and federally owned and used property, school and fire district property, some religious properties and non-useable types of property. This report similarly exempts those properties. However, they are listed to maintain an accurate inventory of the properties present within the district.

A second class of properties owned by the utilities, railroads and communication companies is included within this report. These properties are listed in County Assessor parcel order with the other district parcels. However, the property valuation has been established by the California State Board of Equalization as represented on the 1990-1991 Sacramento and Sutter County Property Tax Roll.

In summary, The Land Value Report emphasizes a consistency of valuation theory as it applies to all of the property, subject to benefit assessments within the District. These valuations do not represent market value for any one particular parcel.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report and valuation contained herein are expressly subject to the following assumptions and/or conditions:

1. Title to the property is marketable.
2. No survey of the property has been made and property lines (actual or proposed) as they appear on the ground are assumed to be correct.
3. Data, maps and descriptive data furnished by the client or his representative are accurate and correct.
4. No responsibility is assumed for matters of law or legal interpretation.
5. No conditions exist that are not discoverable through normal, diligent investigation, which would affect the use and value of the property.
6. No responsibility is assumed for building permits, zone changes, engineering or any other service or duty connected with legally utilizing the respective properties.
7. The appraisal has been prepared on the premise that there are no encumbrances or other matters not of record prohibiting the utilization of the property under the governmental use code.
8. The estimate of value is subject to the purpose and date of appraisal outlined in the Engineer's Report.
9. The estimate of value is based upon information and data from sources believed reliable, correct and accurately reported.
10. The appraisal and report of the appraisal are to be considered in their entirety and use or dissemination of only a portion thereof without prior approval of the preparer and appropriate qualification will render them invalid.
11. Except as otherwise provided, possession of this report or a copy thereof, does not carry with it the right of publication or its use by other than the client or for purposes other than those for which it was prepared.
12. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the project described herein unless prior arrangements have been made.

CERTIFICATION

The staff of Dutra Appraisal Service is the originator of the parcel values as contained in the "property inventory listing." No individual site inspections were conducted other than random "field" drive-by viewing. This technique is characteristic of mass appraising.

I, the undersigned, do hereby certify that, except as otherwise noted in this appraisal report:

1. We have personally inspected the properties within the district which are the subject of this valuation report as in the manner noted above.
2. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
3. The professional fee for the appraisal service rendered is dependent solely upon completion of the service evidenced by delivery of this report and is in no way contingent upon the conclusion or value estimate reported.
4. To the best of our knowledge and belief the statement of fact contained in this appraisal report, upon which the analysis, opinions and conclusions expressed herein are based, are true and correct.
5. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.
6. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards for Professional Conduct of the Appraisal Institute.
7. Appraisal Institute conducts a voluntary program of continuing education for its designated members. SRPA's who meet the standards of this program are awarded periodic educational certification. The undersigned, Alan J. Dutra, SRA, SRPA, is currently certified.
8. No appraisal firm other than the undersigned prepared the analysis, conclusions and opinions concerning the property valuations set forth in the property inventory listing.



Alan J. Dutra, SRA, SRPA

MARCH 1, 1991

Date

VALUATION CODES

<u>Land Use</u>	<u>Appraisal Code</u>	<u>Code Value (\$/Acre)</u>
Agricultural	A1	5,000
	A2	10,750
	A3	21,750
	A4	43,500
	A5	65,000
	A6	87,000
<u>Land Use</u>	<u>Appraisal Code</u>	<u>Code Value (\$/Square Foot)</u>
Residential	R0	1.00
	R1	2.00
	R2	3.00
	R3	4.00
	R4	5.00
	R5	6.00
	R6	7.00
	R7	8.50
	R8	10.00
	R9	12.50
	R10	15.00
	R11	25.00
Commercial	C1	2.00
	C2	4.00
	C3	7.00
	C4	10.00
	C5	15.00
	C6	25.00
	C7	40.00
	C8	70.00
	C9	100.00
	C10	150.00
Industrial	M1	1.50
	M2	3.00
	M3	5.00

APPENDIX B: COUNTY ASSESSOR'S LAND USE CODES

SUTTER COUNTY ASSESSOR

List of Property Use Codes

ASD:OPS-#18

(Rev 08/13/09)

Property Use Codes

H#-###-###	Meridian Flood area
R#-###-###	Parcel within a page the railroad runs through
W#-###-###	Williamson Act Parcel
LL-LLL-LLL	Temporary use code for parcels in process of being added to the "Roll-in-Progress"
	<u>Used for Administrative Purposes</u>
<u>XX-120-LOT</u>	New Single Family – in subdivision state as lot
<u>XX-120-PCO</u>	Partial Complete of Subdivision on/off sites
<u>XX-120-PCB</u>	Partial Complete of new building structure

INSTITUTIONAL

00-000-010	Schools
00-000-020	County Owned Property
00-000-030	Easement/right-of-way property
00-000-CA0	Common Area
00-000-IB0	Improvement belongs to others
00-000-II0	In ground Improvement
00-000-MR0	Mineral Rights
00-000-PC0	Partial complete – new construction
00-000-PI0	Possessory Interests
00-000-NI0	No Improvement value
00-000-NLO	No Land Value
00-000-NSF	No Square Footage
00-000-OIM	Vacant land with out buildings or septic system
00-000-PL0	Parking Lot
00-000-WC0	Water company
00-000-W30	Water right-of-way property
00-010-000	Lodge building or club house or school building
00-011-000	Privately owned schools
00-020-000	Funeral homes or mortuary
00-030-000	Churches & Temples
00-040-000	Cemetery or Mausoleum
00-050-000	Government Taxable
00-060-000	Government Non-taxable
00-000-990	Transitional property

RESIDENTIAL

00-070-000	Manufactured home Lots with Licensed Mobile homes
00-D70-000	Delinquent Mobile homes discontinued use in 2006/07-see MH0

~~00-N70-000~~ ~~New Mobile homes~~ discontinued use in 2006/07-see
MH0
00-MH0-000 Manufactured Homes
00-360-000 Manufactured Home Park
00-000-800 Manufactured home in a park - taxed
00-000-810 Manufactured home on owners land - taxed
00-000-820 Manufactured home not on owners land - taxed
00-000-830 Manufactured home licensed
00-000-840 Manufactured home licensed with fixed equipment
00-000-850 Manufactured home taxed with fixed equipment
00-000-860 Manufactured home on a foundation
00-000-870 Manufactured home owned by a third party – taxed

VACANT LAND

00-080-000 Vacant R-2
00-090-000 Vacant R-3 & R-4
00-100-000 Vacant R-1
~~00-110-000 (Improved residence – 1955 or older – no longer used~~
00-120-000 Improved residence – ~~1956 or newer~~

SINGLE FAMILY RESIDENCES

00-130-000 Two (2) single family residence
00-131-000 Three (3) single family residences
00-132-000 Four (4) single family residences
00-133-000 Five (5) or greater single family residences

DUPLEXES

00-140-000 Multi-family residence – ~~Duplex 1955 or older~~
00-141-000 Multi-family residence – two (2) duplexes
00-142-000 Multi-family residence – three (3) duplexes
00-143-000 Multi-family residence – four (4) duplexes

00-150-000 Multi-family residence - ~~Duplex 1956 or newer~~ – no longer used

APARTMENTS

~~00-160-000 Multi-family residence – Apart/single 3 units 1955 or older~~
00-170-000 Multi-family residence - Apart/single 3 units 1956 or new

OTHER TYPES

00-180-000 Single-family residence – Half-plexes
00-190-000 Single-family residence - Condominium

AGRICULTURAL

00-000-110 Peaches
00-000-120 Prunes
00-000-130 Walnuts
00-000-140 Almonds

00-000-150	Olives (formerly Pears)
00-000-160	Pomegranates (formerly Fiejoas)
00-000-170	Kiwi
00-000-180	Other: apples, oranges, cherimoya)
00-000-190	Persimmons
00-000-200	Tree farming or nursery stock
00-000-210	MIX - peaches predominately
00-000-220	MIX - Prunes predominately
00-000-230	MIX - Walnuts predominately
00-000-240	MIX - Almonds predominately
00-000-250	Pistachios
00-000-270	Unknown
00-200-000	Open land over 15 acres – no residence
00-201-000	Open land over 15 acres w/one (1) SFR
00-202-000	Open land over 15 acres w/two (2) SFR
00-203-000	Open land over 15 acres w/three (3) SFR
00-204-000	Open land over 15 acres w/four (4) SFR
00-205-000	Open land over 15 acres w five (5) or greater SFR
00-220-000	Home site or small ranch under 15 acres – no SFR
00-221-000	Home site or small ranch under 15 acres w/one (1) SFR
00-222-000	Home Site or small ranch under 15 acres w/two (2) SFR
00-223-000	Home site or small ranch under 15 acres w/three (3) SFR
00-224-000	Home site or small ranch under 15 acres w/four (4) SFR
00-290-000	Orchard under 15 acres w/no single family residence *****new
00-230-000	Orchard over 15 acres w/no single family residence
00-231-000	Orchard over 15 acres w/one (1) single family residences
00-232-000	Orchard over 15 acres w/two (2) single family residences
00-233-000	Orchard over 15 acres w/three (3) single family residences
00-234-000	Orchard over 15 acres w/four (4) single family residences
00-235-000	Orchard over 15 acres w/five (5) or mover single family residences
 <u>LAND OVER 15 ACRES</u> ** NEW CATEGORY**	
00-240-000	Ag Business – vacant land or orchard and no SFR
00-241-000	Ag Business – orchard w/one (1) SFR
00-242-000	Ag Business – orchard w/two (2) SFR
00-243-000	Ag Business – orchard w/three (3) SFR
00-244-000	Ag Business – orchard w/four (4) SFR
00-245-000	Ag Business – orchard w/five (5) SFR
00-260-000	Dry farming or grazing land
00-280-000	Duck Clubs

COMMERCIAL

00-290-000	Horse stables
00-300-000	Vacant commercial land
00-310-000	Improved commercial - store type
00-311-000	Improved commercial – service type
00-320-000	Improved commercial - shopping center
00-321-000	Restaurant/bars
00-322-000	Fast food restaurant
00-329-000	Medical building
00-330-000	Office building
00-331-000	Mixed use
00-332-000	Mini-storage building
00-333-000	Mini-mart-gas
00-334-000	Small grocery store
00-335-000	Misc. and special use
00-340-000	Auto services
00-350-000	Motels
00-360-000	Mobile home parks
00-370-000	Rest homes/Skilled Nursing
00-375-000	Rice Dryers
00-377-000	Dairy
00-380-000	Marinas
00-390-000	Hospitals

INDUSTRIAL

00-400-000	Vacant industrial land
00-410-000	Improved industrial land
00-415-000	Steel Buildings
00-420-000	Airport, crop dusting
00-430-000	Mines and quarries
00-600-000	Recreational
00-610-000	Water companies
00-620-000	Private roads
00-700-000	Gas wells

MISCELLANEOUS

00-000-500	Solar heat - pool, residence & hot water
00-000-510	Solar heat - hot water
00-000-520	Solar heat - pool
00-000-530	Solar heat - residence & hot water
00-000-540	Solar heat - pool & hot water
00-000-550	Solar heat - sauna or spa
00-000-590	Swimming pool - solar hot water
00-000-600	Swimming pool
00-000-700	Fixed equipment
00-000-800	Manufactured home in a park - taxed
00-000-810	Manufactured home on owners land - taxed
00-000-820	Manufactured home <u>not</u> on owners land - taxed
00-000-830	Manufactured home licensed
00-000-840	Manufactured home licensed with fixed equipment
00-000-850	Manufactured home <u>taxed</u> with fixed equipment

00-000-860	Manufactured home on a foundation
00-000-870	Manufactured home owned by a third party - taxed
00-000-900	Mineral Rights No Assessed Value
00-000-910	Abandoned alley ways
00-000-990	Transitional property

BUTTE COUNTY ASSESSOR'S LAND USE CODE

Parcel Land Use Code and Quantity		
Number of Parcels	Land Use Code	Description
17	00	VALID 0 VALUE
92	99	NOT YET DEFINED
5	9999	NOT YET DEFINED
870	AA	ALMONDS
58	AB	MIXED NUTS
12	AC	CITRUS
84	AD	DRY FARMING
1	AE	PEARS
100	AF	FIELD & ROW CROPS
979	AG	GRAZING
88	AI	IRRIGATED PASTURE
61	AJ	PEACHES
67	AK	KIWIS
64	AM	MIXED FRUIT CROPS
76	AN	MIXED FRUIT/NUT CROPS
189	AO	OLIVES
197	AP	PRUNES
1	AQ	CHRISTMAS TREES
947	AR	RICE
612	AT	TIMBER
9	AU	PISTACHIOS
84	AV	VINES
338	AW	WALNUTS
88	AY	MIXED AGRICULTURAL
214	AZ	MISCELLANEOUS
874	CC	SERVICE (GARAGE SHOP MINI ST)
375	CI	INSTITUTIONAL (CHURCH HOS)
869	CP	COMMERCIAL PROF (BANK, ETC)
224	CR	RESIDENTIAL (MOTEL,HOTEL,MH PK
884	CS	COMMERICAL RETAIL (STORES ETC)
68	CT	RECREATIONAL (THEATRE,GOLF ETC
105	CU	UTILITIES
762	CV	COMMERCIAL VACANT
426	CZ	COMMERCIAL-MISC
148	IM	MANUFACTURING
276	IV	INDUSTRIAL VACANT
286	IW	WAREHOUSE/WHOLESALE OPERATIONS
134	IZ	MISCELLANEOUS INDUSTRIAL
102	MZ	TIMBER OIL & GAS RIGHTS
980	R2	DUPLEX
211	R3	TRIPLEX
418	R4	FOURPLEX
2660	R7	MULTIPLE RES, NOT MATCHING
545	RA	FIVE OR MORE UNIT-APARTMENTS
1663	RC	CONDOMINIUM
10042	RM	SINGLE FAMILY DWEL-PROP TAX MH
1576	RN	SINGLE FAMILY DWEL-LIC FEE MH
3041	RP	PERMANENT FOUND. MH
156	RQ	SINGLE FAMILY DWEL-MH UNK STAT
51235	RS	SINGLE FAMILY DWEL-STICK BUILT
10363	RV	VACANT
151	RW	MODULAR
1719	RZ	MISCELLANEOUS
11	UU	NOT USABLE (DITCHES ETC)

Tuesday, August 05, 2008
Page 1 of 1

APPENDIX C: ASSESSMENT EQUATIONS

The assessment equations are, in general:

Improvements portion of assessment = $\{[(\text{Relative Land Damage Value}) \times (\text{Parcel Acreage})] + [(\text{Relative Structure Value}) \times (\text{Building Square Footage}) \times (\text{Percent Damage})]\} \times \text{Risk Factor} \times \text{Improvements Rate}$

Administration portion of assessment = $\{[(\text{Relative Land Damage Value}) \times (\text{Parcel Acreage})] + [(\text{Relative Structure Value}) \times (\text{Building Square Footage}) \times (\text{Percent Damage})]\} \times \text{Administration Rate}$

Total assessment = Improvements portion + Administration portion

Where:

- Relative Land Damage Value is as defined in Table 4.3 by land use category.
- Parcel Acreage is a particular parcel's acreage.
- Relative Structure Value is the unit structure cost as defined in Table 4.1 by land use category.
- Building Square Footage is the first and second stories of all residential structures, the first story of all commercial and industrial structures, and the first story of all additional structures on agricultural lands.
- Percent Damage is the flood damage to structure and contents expressed as a percent of structure value as defined in Table 4.2 by flood depth zone. Flood depth zones are shown in Figure 4.1.
- Risk Factor as defined for each Benefit Area in Table 4.4.
- Improvements Rate is 0.00306805
- Administration Rate is 0.00018860.

The example assessment calculations provided in Section 4.5 illustrated the use of the equivalent simplified assessment formula presented Section 4.4. The following assessment calculation demonstrates the use of the assessment equations defined in this Appendix.

Example 1 (same as Example 1 in Section 4.5)

Assume a single-family residential property located in Benefit Area "B", Flood Depth Zone 2 to 4 ft, with parcel size 0.2 acres and building square footage of 1,700 square feet.

- From Table 4.3, Relative Land Damage Value is \$25,100 per acre.
- From Table 4.1, Relative Structure Value is \$60 per square foot.
- From Table 4.2, Percent Damage to Structure and Contents is 35-percent.
- From Table 4.4, the Risk Factor for Benefit Area "B" is 28.6%
- Improvements portion of assessment = $[(\$25,100/\text{ac} \times 0.2 \text{ ac}) + (\$60/\text{sf} \times 1,700 \text{ sf} \times 0.35)] \times 0.286 \times 0.00306805 = \36
- Administration portion of assessment = $[(\$25,100/\text{ac} \times 0.2 \text{ ac}) + (\$60/\text{sf} \times 1,700 \text{ sf} \times 0.35)] \times 0.00018860 = \8
- Total Assessment = $\$36 + \$8 = \$44$

APPENDIX D: LAND USE CATEGORY ASSIGNMENTS

For assessment calculation purposes, all parcels in the proposed Assessment District were assigned to one of the following land use categories: single-family residential, multi-family residential, commercial, industrial, vacant residential, vacant commercial, vacant industrial, agricultural orchard and agricultural. The assignment was based on the Sutter and Butte County Assessor's Land Use Codes (defined in Appendix B) and the following pairings:

TABLE D-1: LAND USE CATEGORY ASSIGNMENT FROM COUNTY ASSESSOR'S LAND USE CODES

Assessment Land Use Category	Sutter County Assessors Land Use Code (see Appendix B for definitions)	Butte County Assessors Land Use Code (see Appendix B for definitions)
Single-Family Residential (SFR)	## -130- #### to ## -133- ####	RS,RW
Multi-Family Residential (MFR)	## -140- #### to ## -150- ####	R2,R3,R4,R7,RA,RC
Residential Mobile Home (RES_MH)	NONE - STRANGE- CHECK THIS OUT--	RM,RN,RP,RQ
Commercial (COM)	## -310- #### to ## -390- ####	CC,CI,CP,CR,CS,CT,CZ
Industrial (IND)	## -410- #### to ## -600- ####	IM,IW,IZ,
Institution / Government	(## -000- 010 to ## -000- 030), (## -010- #### to ## -060- ####)	RZ
Vacant Residential (VAC RES)	## -080- #### to ## -100- ####	RV
Vacant Commercial (VAC COM)	## -300- ####	CV
Vacant Industrial (VAC IND)	## -400- ####	IV
Agricultural Orchard (AG-ORC)	(## -000- 110 to ## -000- 270), ## -230- ####, ## -290- ####	AA,AB,AC,AD,AE,AJ,AK,AM,AN,AO,AP,AQ,AU, AV,AW
Agricultural Orchard Residential (AG-ORC RES)	(## -000- 110 to ## -000- 270), (## -231- #### to ## -235- ####), (## -241- #### to ## -245- ####)	
Agricultural (AG)	## -200- ####, ## -220- ####, ## -260- ####, ## -280- ####	AD,AF,AG,AI,AR,AY,AZ
Agricultural Residential (AG-RES)	(## -201- #### to ## -205- ####), (## -221- #### to ## -224- ####)	

Public parcels with structures were assigned to the commercial category. Those without a building were classified as vacant commercial. An exception was the redevelopment agency parcels, which were classified as single-family residential or vacant residential as appropriate. Where the County Assessor's Land Use Codes were inconsistent with other information available for the parcel from the County Assessor or other sources, a determination was made as to the appropriate Land Use Category to assign to the parcel. Such assignments could differ from Table D-1.

APPENDIX E: DRAFT ASSESSMENT ROLL
(TO BE PROVIDED UNDER SEPARATE COVER)

**SUTTER BUTTE FLOOD CONTROL AGENCY
RESOLUTION 2012-14**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SUTTER BUTTE FLOOD CONTROL AGENCY
ORDERING LEVY OF ASSESSMENTS WITHIN THE SUTTER-BUTTE FLOOD CONTROL AGENCY
ASSESSMENT DISTRICT FOR FISCAL YEAR 2012-2013 AND APPROVING ADDENDUM TO FINAL
ENGINEER'S REPORT**

WHEREAS, the Sutter Butte Flood Control Agency ("Agency") is a Joint Powers Authority created in 2007 to finance and construct levee improvements in the Sutter Basin; and

WHEREAS, the Board of Directors of the Agency, after a public hearing and voter election in compliance with Proposition 218, adopted Resolution 10-004 approving the Final Engineer's Report ("Engineer's Report") for the Sutter Butte Flood Control Agency Assessment District ("Assessment District"), formed the Assessment District and ordered the levy of assessments in Fiscal Year 2010-11 at the rates specified in the Engineer's Report.

WHEREAS, on September 14, 2011, the Board of Directors of the Agency adopted Resolution 2011-16 ordering the levy of assessments within the Assessment District for Fiscal Year 2011-12 at the rates specified in the Engineer's Report.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The above recitals are true and correct.
2. The Board of Directors hereby approves the attached Addendum to the Final Engineer's Report, which, in order to insure that all parcels receiving benefit from the Agency's levee project are assessed in a manner that is proportional to benefits received, incorporates into the District 19 parcels unintentionally omitted at the time the District was created.
3. The assessments for fiscal year 2012-13 shall be levied at the rate as specified in the Engineer's Report, using the method for apportioning such assessments as provided in the Engineer's Report. The assessments are levied without regard to property valuation.
4. The Agency staff is directed to file or cause to be filed and to take or cause to be taken all actions necessary to allow collection of the assessment, including the filing of a certified copy of this Resolution with the Auditor/Controller of Sutter and Butte Counties (the "County Auditor/Controller"). Upon such filing, the County Auditor/Controller shall enter on the County tax roll opposite each lot or parcel of land in the Assessment District the amount of assessment thereupon as shown in the Engineer's Report and described in this Resolution. The benefit assessment shall be collected at the same time and in the same manner as County ad valorem taxes are collected and all laws providing for the collection and enforcement of County ad valorem taxes shall apply to the collection and enforcement of the assessments. After collection by the Counties Tax Collectors, the net amount of the assessments, after deduction of any compensation due the Counties for collection, shall be paid to the Agency for the purposes of the Assessment District.

5. For parcels within the Assessment District that are owned by public agencies, utilities or for other reasons are not included in the Direct Levy Secured Roll by the County Auditor/Controller, the Agency staff is directed to direct bill such assessments.

6. The monies representing assessments collected shall be deposited in a separate fund or funds designated for the Assessment District. Amounts deposited to such fund(s) shall be expended only for the services and other activities that specially benefit the lands within the Assessment District as described in the Engineer's Report.

7. The assessment, as it applies to any parcel, may be corrected, cancelled or a refund granted as appropriate, by order of the Board or by order of the Executive Director of The Agency. Any such corrections, cancellations or refunds shall be limited to current or future fiscal years and shall not be granted retroactively.

ADOPTED as a resolution of the Board of Directors of the Sutter Butte Flood Control Agency at a regular meeting duly held on the 8th day of August, 2012.

John S. Miller
John Miller, CHAIRMAN

APPROVED AS TO FORM:

Scott Shapiro
Scott Shapiro

ATTEST:

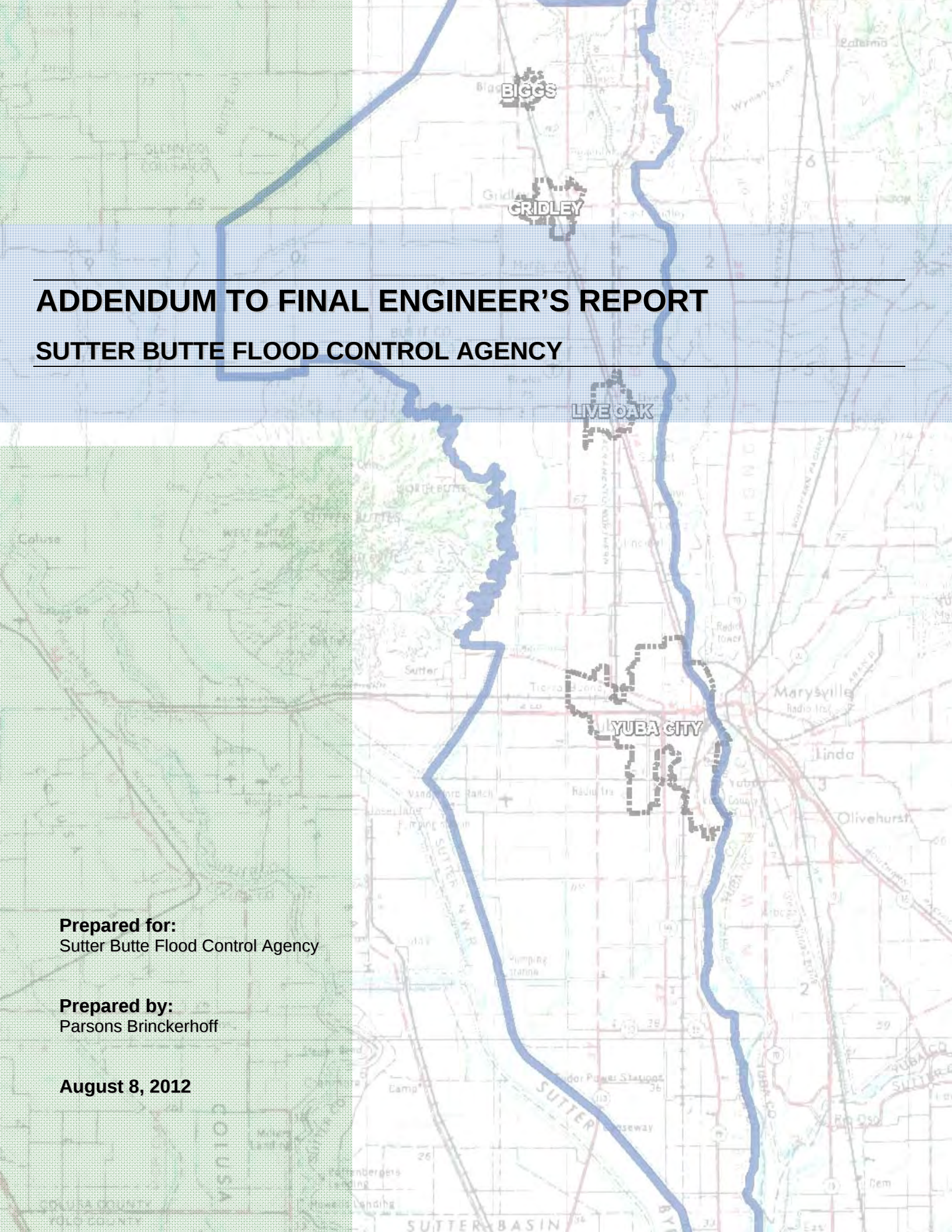
Sarah Modeste
BOARD SECRETARY

STATE OF CALIFORNIA)
COUNTY OF SUTTER)
SUTTER BUTTE FLOOD CONTROL AGENCY)

I, Sarah Modeste, Secretary of the Board of Directors of the Sutter Butte Flood Control Agency, do hereby certify that the foregoing is a true and correct copy of Resolution No. 2012-14 adopted by the Board of Directors of the Sutter Butte Flood Control Agency, California, at a regular meeting thereof, held on the 8th day of August, 2012 by the following vote:

AYES: Gary Baland, Owen Stiles, Barbara LeVake, Francis Silva, David Lamon,
Larry Worman, James Gallagher, Bill Connelly, John Miller, John Dukes, Mike
NOES: Bo Hoff
ABSENT: Chris Schmidt, Steve Lambert

Sarah Modeste
SECRETARY

A map of the Sutter Butte Flood Control Agency area. The map shows the Sutter River flowing from the north towards the south. The Sutter Butte is a large, green, hilly area in the center. The river is highlighted in blue. Several cities and towns are marked with black dots and labels: BIGGS, GRIDLEY, LIVE OAK, YUBA CITY, Marysville, Linda, and Olivehurst. The map also shows various roads, including Highway 99, and other geographical features like the Sutter Butte and Sutter Basin. A blue shaded area covers the upper portion of the map, and a green shaded area covers the lower portion.

ADDENDUM TO FINAL ENGINEER'S REPORT

SUTTER BUTTE FLOOD CONTROL AGENCY

Prepared for:
Sutter Butte Flood Control Agency

Prepared by:
Parsons Brinckerhoff

August 8, 2012

1. Background

1.1 Assessment District Formation

On July 14, 2010 the Board of Directors of the Sutter Butte Flood Control Agency ("SBFCA"), after a public hearing and voter election in compliance with Proposition 218, adopted Resolution No. 10-004 approving the Final Engineer's Report ("Engineer's Report") for the Sutter Butte Flood Control Agency Assessment District ("Assessment District") and formed the Assessment District.

1.2 Engineer's Report

The Engineer's Report describes the assessment methodology, including the boundaries of the Assessment District (Figure 1), the flood damage reduction benefits that are used to proportionally spread the assessments among the properties in the Assessment District, the assessment equations that guide this spread, and sample calculations. The Assessment District includes all properties located within the SBFCA JPA boundaries except as noted in Section 4.3 of the Engineer's Report.

1.3 Authority

The Assessment District was formed by SBFCA under the Benefit Assessment Act of 1982¹ (the 1982 Act) and Article 4 (commencing with Section 6584 of the Government Code) of the Joint Exercise of Powers Act. Government Code Section 54710.5 in the 1982 Act authorizes agencies that are authorized to provide flood control services, which include the member jurisdictions of SBFCA, to levy assessments to finance the cost of installation and improvement of facilities. Section 54710 of the 1982 Act authorizes such agencies to levy assessments to finance the operations cost of flood control services. The SBFCA may exercise these assessment powers. The assessments authorized under the 1982 Act are levied annually based on a budget for expenditures. Government Code Section 6588 authorizes SBFCA to issue revenue bonds secured by assessments.

¹ Government Code Sections 54703 – 54719)

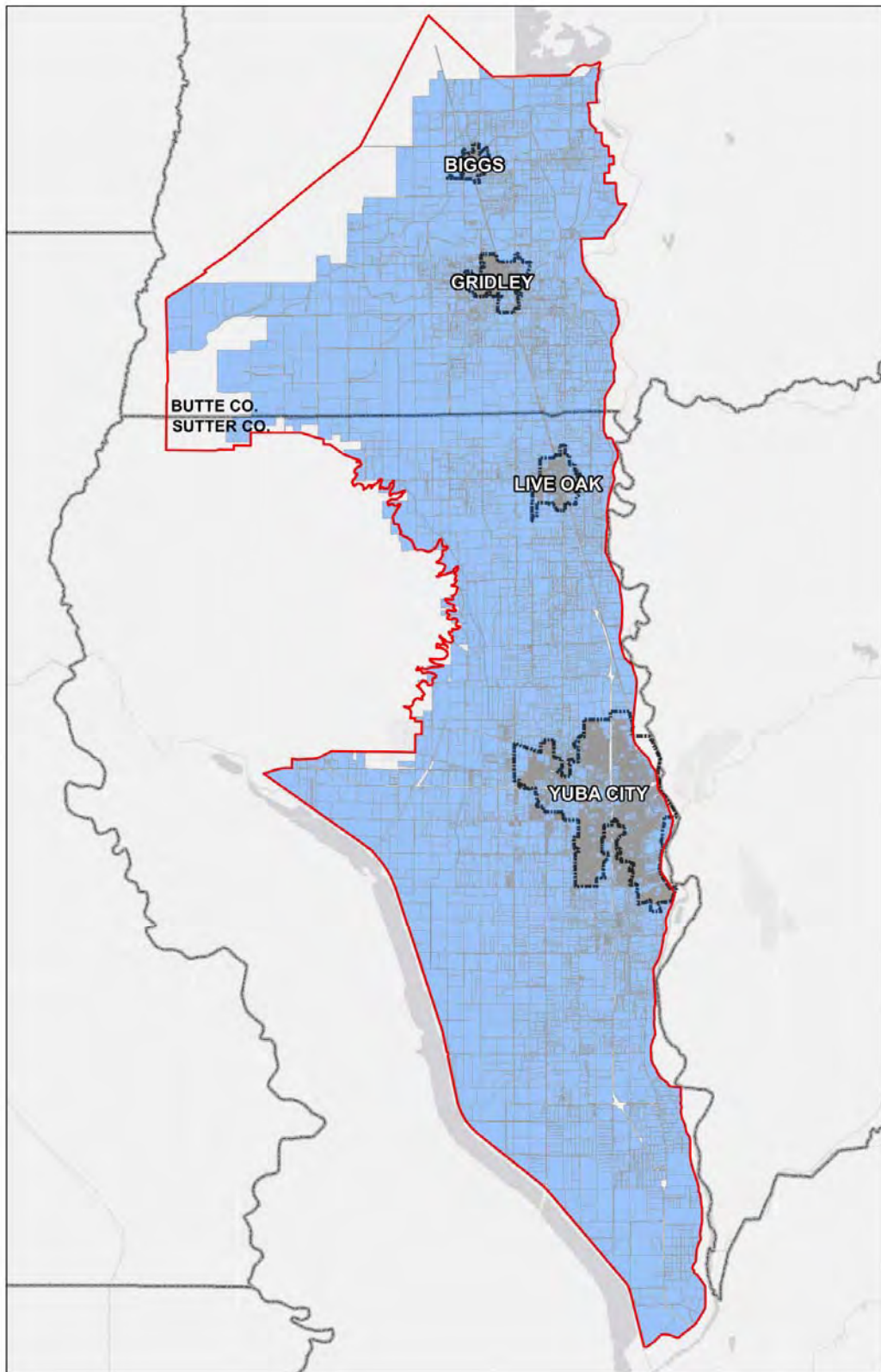


Figure 1

2. Addendum to the Engineer's Report

2.1 Assessment District Boundary

The parcels included in the Assessment District were all parcels located within the District Boundary as defined in the Engineer's Report. For parcels along the boundary that were not entirely within the boundary, a 50% rule was followed. If 50% or more of the parcel acreage was within the Assessment District boundary, then the entire parcel was considered within the District. If less than 50% of the parcel acreage was within the Assessment District boundary, then the parcel was not included in the Assessment District.

Subsequent to the approval of the Engineer's Report and formation of the District, it was determined that a few parcels along the Feather River Levee boundary of the District were not included because more than 50% of the parcel acreage extended to the waterside of the levee. However, it was subsequently determined that the landside portion of these parcels, which was within the District, included residential and other structures. These structures were receiving the flood protection benefits of the Project but the parcels were not being assessed their proportional share of the Project costs. To correct this unintentional omission and insure that all parcels receiving the benefit of the project are assessed proportional to their benefit, these parcels are to be included in the Assessment District and their assessments will be levied beginning with the 2012-13 Sutter County and Butte County tax bills. Only the portion of the parcel acreage that is within the District Boundary, and structures on the landside of the levee, will be used in the assessment calculation. The location of the four parcels added to the District for this reason is shown on Figure 2.

2.2 Flood Depth Corrections

All parcels within the Assessment District were assigned to relative flood depth zones for the 200-year flood event. These relative flood depths were used to calculate the flood damage avoidance benefit to structures and thus the assessments on parcels. For a few parcels located along the Feather River Levee boundary of the District and addressed herein, the flood depths were unintentionally omitted during the initial assessment calculation when the District was formed and, therefore, these parcels were not included in the assessment rolls for 2010-11 and 2011-12. These few parcels are exposed to potential flood depths and do receive the flood damage avoidance benefit from the Project. To correct this unintentional omission and insure that all parcels receiving the benefit of the Project are assessed proportional to their benefit, these parcels are to be included in the Assessment District and their assessments will be levied beginning with the 2012-13 Sutter County and Butte County tax bills. The location of the fifteen parcels added to the District for this reason is shown on Figure 3.

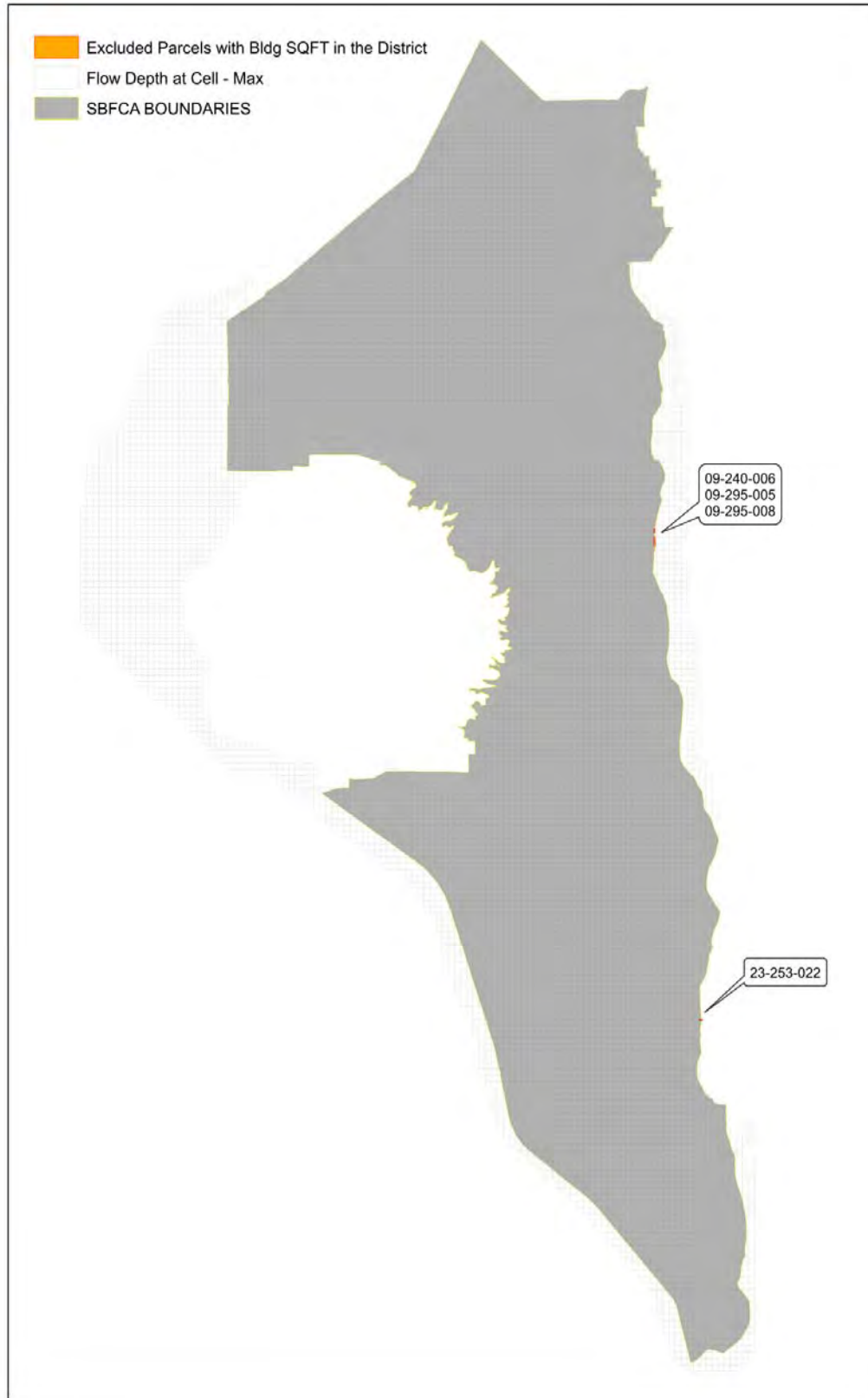


Figure 2



Figure 3

SUTTER BUTTE FLOOD CONTROL AGENCY

RESOLUTION NO. 2015-11

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SUTTER BUTTE FLOOD CONTROL AGENCY
APPROVING ADDENDUM NO. 2 TO FINAL ENGINEER'S REPORT**

WHEREAS, the Sutter Butte Flood Control Agency ("Agency") is a Joint Powers Authority created in 2007 to finance and construct levee improvements in the Sutter Basin; and

WHEREAS, on July 14, 2010, the Board of Directors of the Agency, after a public hearing and property owner election in compliance with Proposition 218, adopted Resolution No 10-004 forming the Sutter Butte Flood Control Agency Assessment District ("Assessment District"); and

WHEREAS, on August 8, 2012, the Board of Directors of the Agency adopted Resolution 2012-14 approving an addendum to the Final Engineer's Report (Addendum No. 1) supporting the Assessment District; and

WHEREAS, the area bounded by the Sutter Bypass, Wadsworth Canal, Interceptor Canal and the Assessment District Boundary along the town of Sutter is referred to as the "Sutter Triangle;"

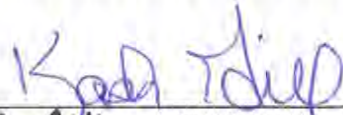
WHEREAS, during an annual review of property assessments, staff identified an error that was reflected in the calculation of annual assessments. As a result, parcels in the Sutter Triangle area were mistakenly placed in a benefit area that led to assessments that were higher than appropriate; and

WHEREAS, to correct this error, and in compliance with applicable law, the Agency wishes to refund, with interest, any overcharged and collected assessments since the first year of assessment collection.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The above recitals are true and correct.
2. The Board of Directors hereby approves the attached Addendum No. 2 to the Final Engineer's Report, which, in order to ensure that all parcels receiving benefit from the Agency's levee projects are assessed in a manner that is proportional to benefits received, changes the benefit area for the parcels in the Sutter Triangle area.
3. The Board of Directors hereby directs staff to issue refunds for any overcharged and collected assessment with interest in accordance with applicable law based upon recalculated assessments for Fiscal Years 2010-11 through 2014-15. Staff shall reimburse any overcharged and collected assessment with interest in accordance with applicable law for the current Fiscal Year 2015-16 after April 10, 2015.

ADOPTED as a resolution of the Board of Directors of the Sutter Butte Flood Control Agency at a regular meeting duly held on the 18th day of November, 2015.


Kash Gill, CHAIRMAN

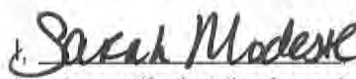
APPROVED AS TO FORM:

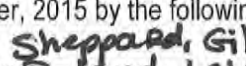
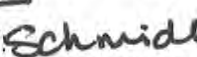

Agency Counsel

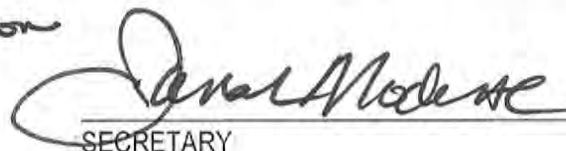
ATTEST:


BOARD SECRETARY

STATE OF CALIFORNIA)
COUNTY OF SUTTER)
SUTTER BUTTE FLOOD CONTROL AGENCY)

I,  Secretary of the Board of Directors of the Sutter Butte Flood Control Agency, do hereby certify that the foregoing is a true and correct copy of Resolution No. 2015-091 adopted by the Board of Directors of the Sutter Butte Flood Control Agency, California, at a regular meeting thereof, held on the 18th day of November, 2015 by the following vote:

AYES:  Gill, Dukes, Lambert, Connolly, Silva, Hoppin,
Baland, LeVake, Murgue, Hall
NOES: —
ABSENT:  Lamon


SECRETARY

ADDENDUM No. 2 TO FINAL ENGINEER'S REPORT

SUTTER BUTTE FLOOD CONTROL AGENCY

Prepared for:
Sutter Butte Flood Control Agency

Prepared by:
Parsons Brinckerhoff

November 6, 2015

1. Background

1.1 Assessment District Formation

On July 14, 2010 the Board of Directors of the Sutter Butte Flood Control Agency ("SBFCA"), after a public hearing and voter election in compliance with Proposition 218, adopted Resolution No. 10-004 approving the Final Engineer's Report ("Engineer's Report") for the Sutter Butte Flood Control Agency Assessment District ("Assessment District") and forming the Assessment District.

1.2 Engineer's Report

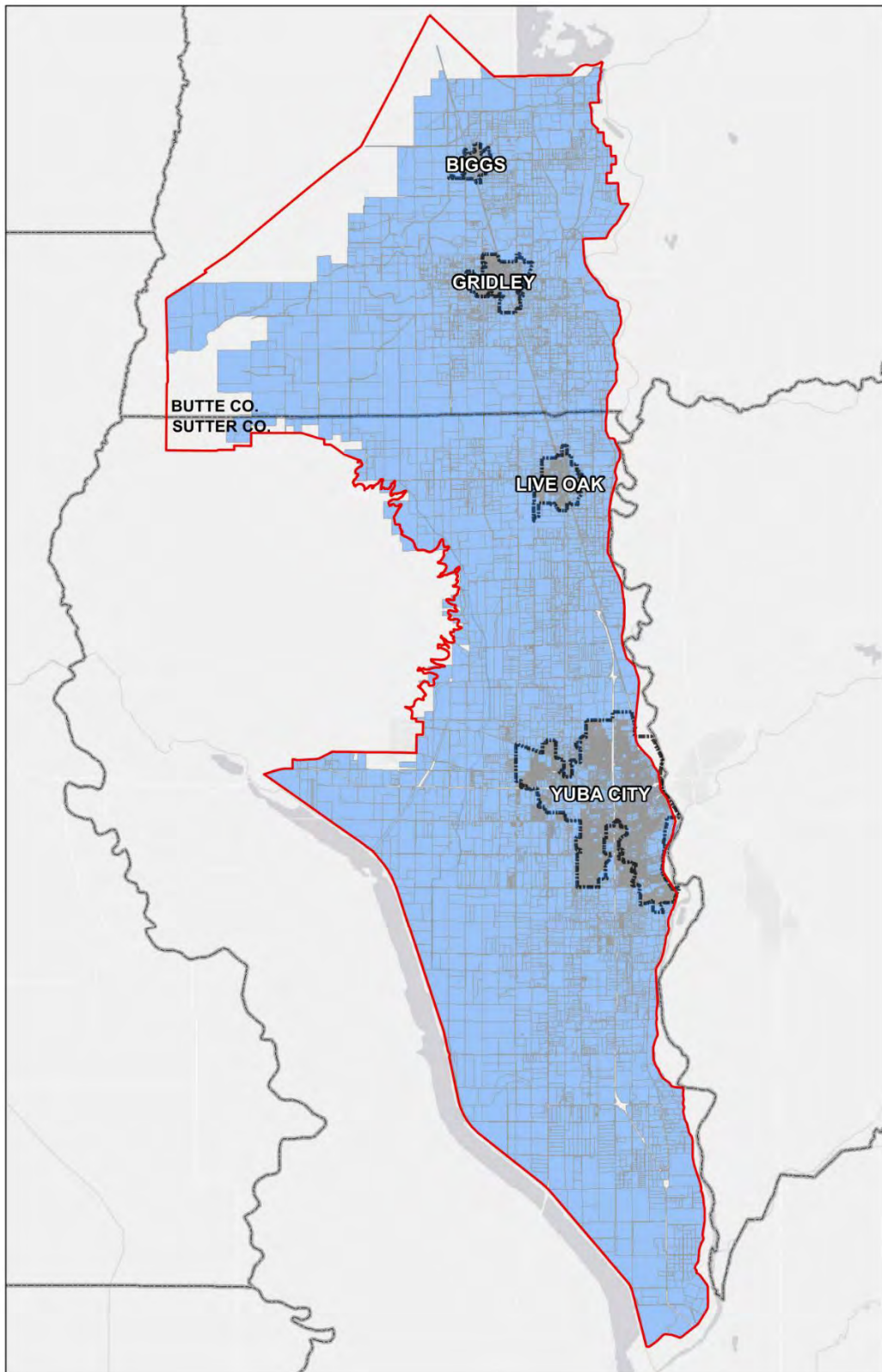
The Engineer's Report describes the assessment methodology, including the boundaries of the Assessment District (Figure 1), the flood damage reduction benefits that are used to proportionally spread the assessments among the properties in the Assessment District, the assessment equations that guide this spread, and sample calculations. The Assessment District includes all properties located within the SBFCA JPA boundaries except as noted in Section 4.3 of the Engineer's Report. On August 8, 2012, the Board of Directors adopted Resolution No. 2012-14 approving an Addendum to the Final Engineer's Report ("Addendum No. 1").

1.3 Authority

The Assessment District was formed by SBFCA under the Benefit Assessment Act of 1982¹ (the 1982 Act) and Article 4 (commencing with Section 6584 of the Government Code) of the Joint Exercise of Powers Act. Government Code Section 54710.5 in the 1982 Act authorizes agencies that are authorized to provide flood control services, which include the member jurisdictions of SBFCA, to levy assessments to finance the cost of installation and improvement of facilities. Section 54710 of the 1982 Act authorizes such agencies to levy assessments to finance the operations cost of flood control services. The SBFCA may exercise these assessment powers. The assessments authorized under the 1982 Act are levied annually based on a budget for expenditures.

¹ Government Code Sections 54703 – 54719)

Figure 1
SBFCA Assessment District Boundary



2. Modifications to the Engineer's Report

2.1 Benefit Area Assignment

The parcels in the area bounded by the Sutter Bypass, Wadsworth Canal, Interceptor Canal and the Assessment District Boundary along the town of Sutter are referred to as the "Sutter Triangle" (Figure 2). These parcels were assigned to Benefit Area "D" when the Assessment District was formed (Figure 3). Benefit Area "D" was intended to consist of parcels within the 200-year floodplain area in Sutter County between Live Oak and west of Yuba City that benefit from improvements to levee segments 1, 2, 3 and 4. The relative risk factor for Benefit Area "D", as defined in Section 4.3 of the Engineer's Report, is 4/7 or 57.1%

In addition to the relative risk factor, the Engineer's Report also applied an adjustment factor to reflect the relative level of flood protection to be provided by projects funded by the Assessment District. Benefit areas generally to the south and west of Yuba City will receive a 100-year level of protection as compared to the 200-year protection for the remainder of the Assessment District. To reflect the relative level of flood protection benefit a 0.5 adjustment factor was applied to the relative risk calculation for benefit areas south of Yuba City. These are Benefit areas G1, G2 and G3 (Figure 3).

The Sutter Triangle parcels were mistakenly placed in Benefit Area "D" and should have been placed in Benefit Area "G1". This is due to the fact that the parcels will only receive a 100-year year level of protection from the completion of projects funded by the Assessment District and once the State exercises its statutory responsibilities for the Sutter Bypass and Wadsworth Canal levees. To correct this error and ensure that all parcels receiving the benefit are assessed proportional to the benefit received, the Sutter Triangle parcels will have their Benefit Area changed to "G1". Their assessments will be calculated based on that classification beginning with assessments levied for Fiscal Year 2016-17 Sutter County tax bills.

2.2 Assessment Correction

The corrected 2015/16 assessment for the Sutter Triangle parcels is listed in Table 1. Table 1 also shows the prior 2015/16 annual assessment and the change in the assessment for each Sutter Triangle Parcel.

2.3 Revised Benefit Area Map

The revised Benefit Area map for the Assessment District is shown in Figure 4 and reflects the change in Benefit Area for the Sutter Triangle from "D" to "G1."

Figure 2
Sutter Triangle Parcels

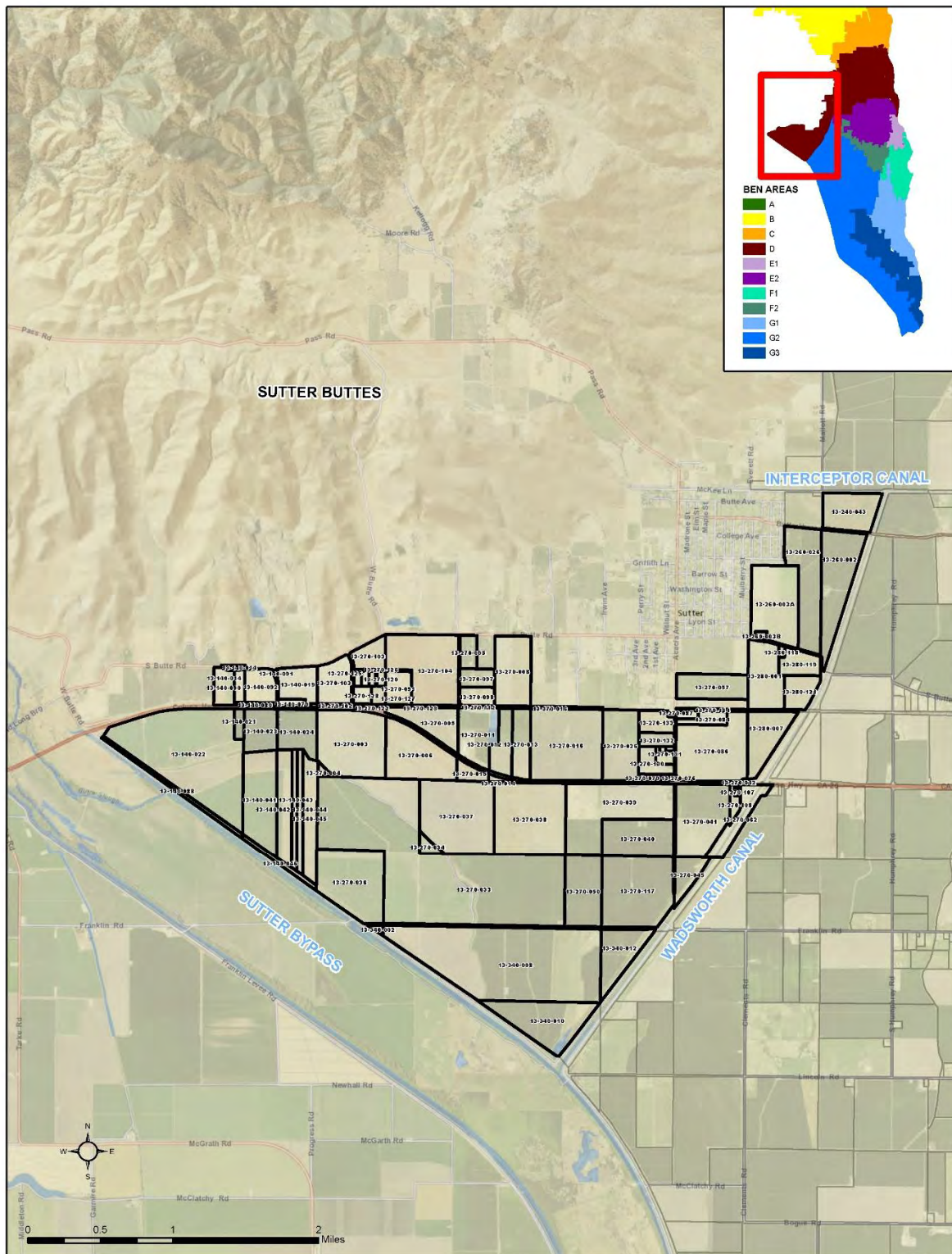


Figure 3
Original Benefit Areas

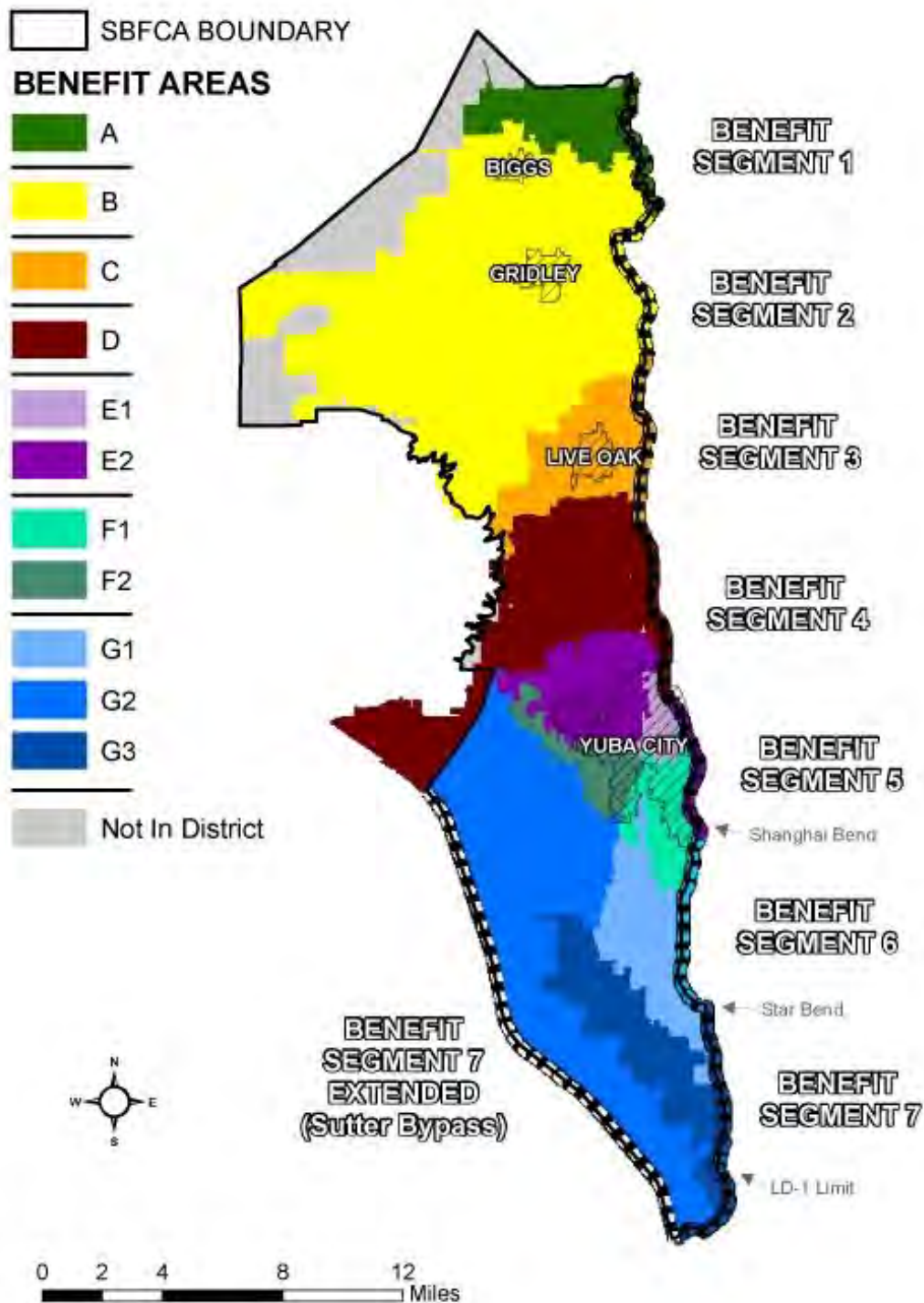


TABLE 1
REVISED 2015/16 SUTTER TRIANGLE PARCEL ASSESSMENTS

APN	COUNTY	ORIGINAL 2015-16 ASMT	REVISED 2015-16 ASMT	CHANGE
13-270-006	SUTTER	\$95.56	\$52.50	\$43.06
13-140-088	SUTTER	\$16.68	\$9.16	\$7.52
13-140-022	SUTTER	\$271.36	\$149.08	\$122.28
13-270-045	SUTTER	\$25.18	\$13.83	\$11.35
13-340-010	SUTTER	\$191.76	\$105.35	\$86.41
13-340-012	SUTTER	\$57.08	\$31.36	\$25.72
13-340-008	SUTTER	\$818.42	\$449.63	\$368.79
13-340-002	SUTTER	\$1.66	\$1.50	\$0.16
13-270-117	SUTTER	\$144.76	\$79.53	\$65.23
13-270-050	SUTTER	\$77.62	\$42.64	\$34.98
13-270-036	SUTTER	\$107.68	\$59.16	\$48.52
13-140-046	SUTTER	\$11.66	\$6.41	\$5.25
13-270-034	SUTTER	\$5.34	\$2.93	\$2.41
13-270-040	SUTTER	\$898.78	\$493.78	\$405.00
13-270-062	SUTTER	\$8,705.16	\$4,782.50	\$3,922.66
13-270-042	SUTTER	\$87.56	\$48.10	\$39.46
13-270-107	SUTTER	\$87.02	\$47.81	\$39.21
13-270-108	SUTTER	\$210.94	\$115.89	\$95.05
13-270-041	SUTTER	\$99.98	\$54.93	\$45.05
13-270-039	SUTTER	\$335.50	\$184.32	\$151.18
13-270-038	SUTTER	\$155.24	\$85.29	\$69.95
13-270-037	SUTTER	\$149.90	\$82.35	\$67.55
13-270-033	SUTTER	\$601.54	\$330.48	\$271.06
13-270-014	SUTTER	\$88.96	\$48.87	\$40.09
13-270-129	SUTTER	\$434.36	\$238.63	\$195.73
13-270-066	SUTTER	\$77.16	\$42.39	\$34.77
13-270-076	SUTTER	\$12.70	\$6.98	\$5.72
13-270-075	SUTTER	\$94.52	\$51.93	\$42.59
13-270-077	SUTTER	\$86.84	\$47.71	\$39.13
13-270-080	SUTTER	\$75.84	\$41.67	\$34.17
13-270-079	SUTTER	\$83.98	\$46.14	\$37.84
13-270-004	SUTTER	\$5.72	\$3.14	\$2.58
13-270-015	SUTTER	\$14.06	\$7.72	\$6.34
13-270-088	SUTTER	\$94.68	\$52.02	\$42.66
13-270-109	SUTTER	\$29.50	\$16.21	\$13.29
13-140-021	SUTTER	\$9.22	\$5.07	\$4.15
13-270-130	SUTTER	\$248.18	\$136.35	\$111.83
13-270-132	SUTTER	\$14.54	\$7.99	\$6.55
13-140-014	SUTTER	\$10.34	\$5.68	\$4.66

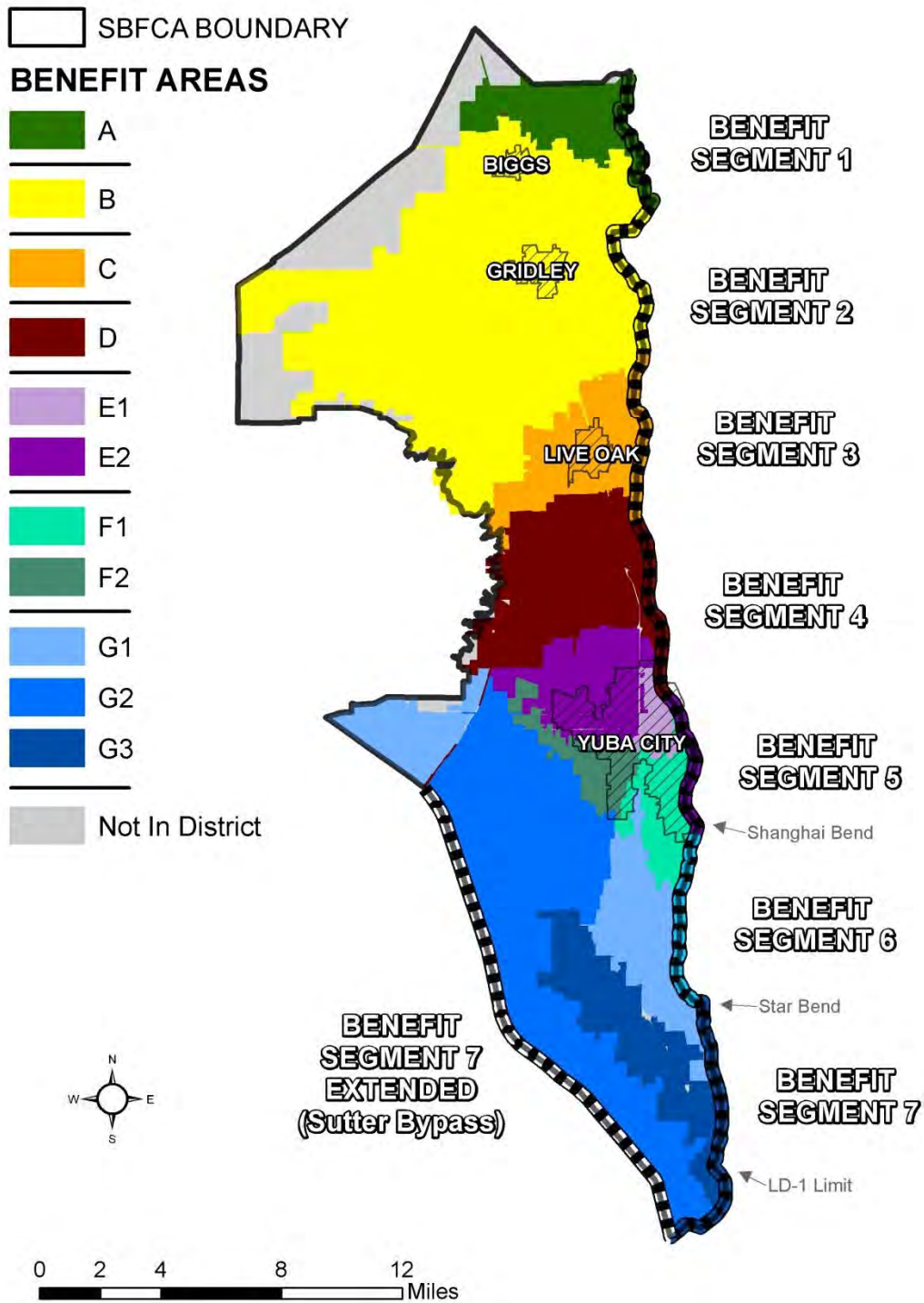
TABLE 1 (Continued)
REVISED 2015/16 SUTTER TRIANGLE PARCEL ASSESSMENTS

APN	COUNTY	ORIGINAL 2015-16 ASMT	REVISED 2015-16 ASMT	CHANGE
13-140-023	SUTTER	\$38.18	\$20.98	\$17.20
13-140-024	SUTTER	\$42.26	\$23.22	\$19.04
13-140-041	SUTTER	\$94.60	\$51.97	\$42.63
13-140-042	SUTTER	\$45.88	\$25.21	\$20.67
13-140-043	SUTTER	\$22.94	\$12.60	\$10.34
13-140-044	SUTTER	\$22.94	\$12.60	\$10.34
13-140-045	SUTTER	\$45.88	\$25.21	\$20.67
13-140-079	SUTTER	\$7.10	\$3.90	\$3.20
13-140-080	SUTTER	\$4.02	\$2.21	\$1.81
13-140-090	SUTTER	\$288.06	\$158.26	\$129.80
13-140-092	SUTTER	\$33.66	\$18.49	\$15.17
13-240-043	SUTTER	\$57.58	\$31.63	\$25.95
13-260-002	SUTTER	\$356.98	\$196.12	\$160.86
13-260-026	SUTTER	\$239.54	\$131.60	\$107.94
13-270-003	SUTTER	\$129.42	\$71.10	\$58.32
13-270-005	SUTTER	\$1,491.40	\$819.35	\$672.05
13-270-008	SUTTER	\$75.18	\$41.30	\$33.88
13-270-011	SUTTER	\$2,565.12	\$1,409.24	\$1,155.88
13-270-012	SUTTER	\$36.00	\$19.78	\$16.22
13-270-013	SUTTER	\$105.66	\$58.05	\$47.61
13-270-016	SUTTER	\$155.24	\$85.29	\$69.95
13-270-026	SUTTER	\$76.64	\$42.10	\$34.54
13-270-057	SUTTER	\$51.56	\$28.33	\$23.23
13-270-084	SUTTER	\$3,593.38	\$1,974.15	\$1,619.23
13-270-086	SUTTER	\$126.20	\$69.33	\$56.87
13-270-087	SUTTER	\$5,196.16	\$2,854.70	\$2,341.46
13-270-091	SUTTER	\$2,124.26	\$1,167.04	\$957.22
13-270-095	SUTTER	\$408.54	\$224.45	\$184.09
13-270-097	SUTTER	\$18.82	\$10.34	\$8.48
13-270-098	SUTTER	\$300.38	\$165.02	\$135.36
13-270-102	SUTTER	\$4.30	\$2.36	\$1.94
13-270-104	SUTTER	\$326.84	\$179.56	\$147.28
13-270-112	SUTTER	\$184.42	\$101.32	\$83.10
13-270-114	SUTTER	\$4.70	\$2.58	\$2.12
13-270-120	SUTTER	\$1,214.68	\$667.33	\$547.35
13-270-122	SUTTER	\$44.58	\$24.49	\$20.09
13-270-123	SUTTER	\$6.46	\$3.55	\$2.91
13-270-124	SUTTER	\$197.90	\$108.72	\$89.18
13-270-125	SUTTER	\$44.98	\$24.71	\$20.27

TABLE 1 (Continued)
REVISED 2015/16 SUTTER TRIANGLE PARCEL ASSESSMENTS

APN	COUNTY	ORIGINAL 2015-16 ASMT	REVISED 2015-16 ASMT	CHANGE
13-270-126	SUTTER	\$38.34	\$21.06	\$17.28
13-270-127	SUTTER	\$107.78	\$59.21	\$48.57
13-270-128	SUTTER	\$6,114.70	\$3,359.33	\$2,755.37
13-270-131	SUTTER	\$104.26	\$57.28	\$46.98
13-270-133	SUTTER	\$192.18	\$105.58	\$86.60
13-280-001	SUTTER	\$89.56	\$49.20	\$40.36
13-280-007	SUTTER	\$71.80	\$39.45	\$32.35
13-280-118	SUTTER	\$150.28	\$82.56	\$67.72
13-280-119	SUTTER	\$432.12	\$237.40	\$194.72
13-280-121	SUTTER	\$30.36	\$16.68	\$13.68
13-270-103	SUTTER	\$78.74	\$43.26	\$35.48
13-370-016	SUTTER	\$6.84	\$3.76	\$3.08
13-140-019	SUTTER	\$40.72	\$22.37	\$18.35
13-140-091	SUTTER	\$1.50	\$1.50	\$0.00
13-260-003A	SUTTER	\$103.32	\$56.76	\$46.56
13-260-003B	SUTTER	\$286.52	\$157.41	\$129.11
	TOTAL	\$42,168.44	\$23,168.03	\$19,000.41

Figure 4
Revised Benefit Areas



APPENDIX C

YUBA CITY AND SUTTER COUNTY DEMOGRAPHIC INFORMATION

The following information with respect to Yuba City (the "City") and Sutter County (the "County") is presented for general background data on the area in which the assessed property is located. To a lesser extent, parcels subject to Assessments are also located in Butte County. The Bonds and the Assessments are not obligations of the City or the County. This information should not be evaluated by investors under a presumption that the City or the County are in any manner obligated to pay the Bonds or the Assessments. The taxing power of the City or the County is not available for payment of the Bonds.

The City. The City of Yuba City lies in Sutter County, which is located on U.S. Highway 99, approximately 45 miles north of Sacramento in north-central California. Because of its proximity to metropolitan Sacramento, the area grew rapidly in the early 2000s and is projected to experience continued growth in the future. Much of the proposed growth with Yuba City is expected to be through annexation of service areas adjacent to the existing City boundaries. The incorporated cities of Live Oak and Yuba City lie in Sutter County.

The County. Sutter County is a county in the U.S. state of California. The county seat is Yuba City. Sutter County is included in the Yuba City, CA Metropolitan Statistical Area as well as the Sacramento-Roseville, CA Combined Statistical Area. The county is located along the Sacramento River in the Sacramento Valley. According to the U.S. Census Bureau, the county has a total area of 608 square miles (1,570 km²), of which 602 square miles (1,560 km²) is land and 6.1 square miles (16 km²) (1.0%) is water. It is the fourth-smallest county in California by total area. Some 88 percent of the county is prime farmland and grazing land. Sutter County was one of the original counties of California, created in 1850 at the time of statehood. Parts of the county were given to Placer County in 1852. Sutter County is the birthplace (Yuba City, 1858) of John Joseph Montgomery, who was the first American to successfully pilot a heavier than air craft, 20 years before the Wright Brothers, and who held the first patent for an "aeroplane."

The following table lists population estimates for Sutter County and the State for the last five calendar years for which data is available.

YUBA CITY and SUTTER COUNTY Population Estimates Calendar Years 2021 through 2025

<u>Year</u>	<u>Yuba City</u>	<u>Sutter County</u>	<u>State of California</u>
2021	69,777	99,144	39,369,530
2022	69,864	99,435	39,179,680
2023	69,304	98,704	39,228,444
2024	69,781	99,431	39,420,663
2025	70,453	100,257	39,529,101

Source: California State Department of Finance.

Industry and Employment

Sutter County, along with Yuba County, comprises the Yuba City Metropolitan Statistical Area ("MSA"). The following table summarizes the civilian labor force, employment and unemployment in the Yuba City MSA for the calendar years 2020 through 2024.

The unemployment rate in the Yuba City MSA was 7.3% in August 2025, up from a revised 8.1% in July 2025, and below the year-ago estimate of 7.3%. This compares with an unadjusted unemployment rate of 5.8% for California and 4.5% for the nation during the same period. The unemployment rate was 7.6% in Sutter County, and 6.9% in Yuba County.

**YUBA CITY METROPOLITAN STATISTICAL AREA
(SUTTER AND YUBA COUNTIES)
Employment by Industry
Calendar Years 2020 through 2024
Annual Averages**

	2020	2021	2022	2023	2024
Civilian Labor Force ⁽¹⁾	76,800	76,800	78,000	79,700	81,300
Civilian Employment	68,300	70,100	73,100	73,900	75,000
Civilian Unemployment	8,400	6,700	4,900	5,800	6,300
Civilian Unemployment Rate	11.0%	8.7%	6.3%	7.3%	7.8%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Total Farm	5,000	4,900	4,800	4,700	4,500
Total Nonfarm	45,800	47,500	49,800	50,400	51,600
Total Private	33,500	34,900	36,300	36,500	37,000
Goods Producing	4,900	4,900	5,000	5,200	5,000
Mining, Logging, and Construction	2,800	2,800	2,800	2,900	2,600
Manufacturing	2,100	2,200	2,200	2,300	2,400
Service Providing	40,900	42,600	44,800	45,200	46,600
Private Service Producing	28,600	30,000	31,300	31,300	31,900
Trade, Transportation & Utilities	9,600	10,300	10,500	10,500	10,600
Wholesale Trade	1,500	1,600	1,500	1,500	1,500
Retail Trade	5,700	6,100	6,200	6,100	6,200
Transportation, Warehousing & Utilities	2,400	2,600	2,800	3,000	3,000
Information	200	200	200	200	200
Financial Activities	1,400	1,400	1,400	1,200	1,200
Professional & Business Services	3,400	3,300	3,500	3,400	3,500
Educational & Health Services	8,700	8,900	9,200	9,600	10,000
Leisure & Hospitality	4,100	4,700	5,400	5,300	5,200
Other Services	1,100	1,200	1,100	1,000	1,100
Government	12,300	12,600	13,500	13,900	14,700
Federal Government	1,600	1,600	1,600	1,600	1,600
State & Local Government	10,700	11,000	11,900	12,400	13,000
State Government	1,100	1,200	1,200	1,200	1,200
Local Government	9,600	9,800	10,700	11,200	11,800
Local Government Excluding Education	3,900	3,800	4,000	4,000	4,200
Special Districts plus Indian Tribes	1,500	1,400	1,600	1,500	1,500
Total, All Industries ⁽³⁾	50,800	52,300	54,600	55,100	56,100

(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.

Principal Employers

Rank	Employer	Employees	Percentage of Total Employment
1	Yuba City Unified School District	1,416	2.96
2	County of Sutter	1,019	2.13
3	Legend Transportation	1,000	2.09
4	Sunsweet Growers Inc.	600	1.25
5	Sutter North Medical	475	0.99
6	Sysco Sacramento	460	0.96
7	Rush Personnel Services, Inc	400	0.84
8	Wal-Mart	384	0.80
9	Express Employment Professionals	315	0.66
10	City of Yuba City	300	0.63
		6,369	13.30%

Source: City of Yuba City, Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.

The following tables list the major employers in the City and the County:

SUTTER COUNTY Major Employers (As of October 2025)

Employer Name	Location	Industry
Applebee's Grill + Bar	Yuba City	Restaurants
City of Yuba City	Yuba City	Government Offices-City/Village & Twp
Foodmaxx	Yuba City	Grocers-Retail
Fountains Managed By Rideout	Yuba City	Convalescent Homes
Great Beginnings	Yuba City	Clinics
Holt of California	Pleasant Grove	Contractors-Equip/Supls-Dlrs/Svc
Home Depot	Yuba City	Home Centers
Homeward Bound Golden	Elverta	Animal Shelters
Legend Transportation	Yuba City	Transportation
Lowe's Home Improvement	Yuba City	Home Centers
Multi Specialty Group Practice	Yuba City	Medical Centers
River Valley High School	Yuba City	Schools
Sam's Club	Yuba City	Wholesale Clubs
Sierra Gold Nurseries Inc	Yuba City	Nurseries-Plants Trees & Etc-Wholesale
Siller Brothers Aviation Div	Yuba City	Helicopter-Charter & Rental Service
Sunsweet Growers Inc	Yuba City	Fruits-Dried
Sutter County Jail	Yuba City	Government Offices-County
Sutter County Sheriff	Yuba City	Sheriff
Sutter-Yuba Behavioral Health	Yuba City	Hospitals
Sysco Sacramento	Pleasant Grove	Grocers-Wholesale
Trees Inc	Yuba City	Tree Service
Valley Truck-Tractor Co-Yuba	Yuba City	Lawn Mowers
Walmart Supercenter	Yuba City	Department Stores
Winco Foods	Yuba City	Grocers-Retail
Yuba City High School	Yuba City	Schools

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 2nd Edition.

Effective Buying Income

Effective buying income (“**EBI**”) is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor 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, personal 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), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the City, the County, the State and the United States.

YUBA CITY and SUTTER COUNTY Effective Buying Income As of January 1, 2022 through 2026

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2022	Yuba City	\$1,764,947	\$62,214
	Sutter County	2,704,646	64,740
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	Yuba City	1,906,293	63,875
	Sutter County	2,834,857	66,197
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	Yuba City	1,764,394	61,355
	Sutter County	2,594,341	63,191
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	Yuba City	1,834,551	62,729
	Sutter County	2,709,253	64,850
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	Yuba City	2,059,029	68,636
	Sutter County	3,024,216	70,944
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

Total taxable sales during the first, two quarters of calendar year 2025 in the City were reported to be \$678,025,447, a 6.28% decrease from the total taxable sales of \$723,473,160 reported during the comparable two quarters of calendar year 2024.

CITY OF YUBA Taxable Transactions (Dollars in Thousands)

	Retail and Food Services Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	1,214	\$1,128,111	1,924	\$1,311,968
2021	1,118	1,346,921	1,833	1,568,036
2022	1,107	1,327,482	1,913	1,565,283
2023	1,090	1,283,107	1,892	1,537,313
2024	1,111	1,221,880	1,936	1,457,230

Source: California Department of Tax and Fee Administration

Total taxable sales during the first, two quarters of calendar year 2025 in the County were reported to be \$1,082,396,366, a 2.42% decrease over the total taxable sales of \$1,109,193,975 reported during the comparable two quarters of calendar year 2024.

COUNTY OF SUTTER Taxable Transactions (Dollars in Thousands)

	Retail and Food Services Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	1,542	\$1,426,077	2,549	\$1,944,432
2021	1,415	1,677,538	2,396	2,302,254
2022	1,424	393,080	2,426	542,362
2023	1,380	1,625,133	2,465	2,364,598
2024	1,403	1,565,078	2,525	2,261,175

Source: California Department of Tax and Fee Administration

Construction

The following tables show a five year summary of the valuation of building permits issued in the City and the County.

YUBA CITY Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Permit Valuation</u>					
New Single-family	\$17,045.8	\$5,516.0	\$18,650.3	\$22,663.4	\$28,625.0
New Multi-family	0.0	0.0	\$348.9	0.0	45,215.7
Res. Alterations/Additions	<u>6,810.6</u>	3,898.8	\$3,327.6	2,908.4	3,412.4
Total Residential	23,856.4	\$9,414.8	22,326.8	25,571.8	77,253.1
New Commercial	3,987.0	15,361.3	13,659.6	9,225.5	24,199.5
New Industrial	748.2	1,018.4	0.0	0.0	0.0
New Other	<u>2,124.4</u>	1,884.8	2,171.4	2,083.8	4,722.0
Com. Alterations/Additions	4,209.3	<u>4,357.5</u>	<u>13,229.3</u>	<u>13,430.1</u>	<u>12,813.8</u>
Total Nonresidential	\$11,068.9	\$22,622.0	\$29,060.3	\$24,739.4	\$41,735.3
New Dwelling Units					
Single Family	48	28	53	53	75
Multiple Family	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>292</u>
TOTAL	48	28	55	53	367

Source: Construction Industry Research Board, Building Permit Summary.

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Permit Valuation</u>					
New Single-family	\$34,731.1	\$21,433.3	\$26,452.3	\$50,257.5	\$31,803.3
New Multi-family	2,968.5	0.0	4,476.5	846.5	45,215.7
Res. Alterations/Additions	<u>11,452.9</u>	7,365.1	<u>5,283.6</u>	<u>8,939.6</u>	4,981.2
Total Residential	49,152.5	\$28,798.4	36,212.4	\$60,043.6	<u>82,000.2</u>
New Commercial	8,352.6	19,065.8	17,732.5	19,082.8	24,199.5
New Industrial	748.2	1,018.4	0.0	0.0	0.0
New Other	3,884.5	3,312.0	3,271.5	3,900.2	7,744.4
Com. Alterations/Additions	<u>7,246.7</u>	<u>4,598.9</u>	<u>14,135.0</u>	<u>17,564.9</u>	<u>13,031.3</u>
Total Nonresidential	\$20,232.0	\$27,995.1	\$35,139.0	\$40,547.9	<u>\$44,975.2</u>
New Dwelling Units					
Single Family	111	87	83	123	82
Multiple Family	<u>24</u>	<u>0</u>	<u>35</u>	<u>8</u>	<u>292</u>
TOTAL	135	87	118	131	374

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

_____, 2025

Sutter Butte Flood Control Agency
1227 Bridge Street, Suite C
Yuba City, California 95991

OPINION: \$_____ Sutter Butte Flood Control Agency
Assessment Revenue Refunding Bonds, Series 2025

Members of the Agency Board:

We have acted as bond counsel in connection with the issuance by the Sutter Butte Flood Control Agency (the "Agency") of \$_____ aggregate principal amount of bonds of the Agency designated the "Sutter Butte Flood Control Agency Assessment Revenue Refunding Bonds, Series 2025" (the "Bonds"), issued under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Sections 53570 and 53580 of said Code (the "Refunding Bond Law"), and under an Indenture of Trust dated as of December 1, 2025 (the "Indenture"), between the Agency and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and a resolution of the governing board of the Agency adopted on November 12, 2025.

We have examined the Refunding Bond Law, an executed copy of the Indenture and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in the certified proceedings, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation.

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

1. The Agency is a joint powers agency organized and existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the Agency and are legal, valid and binding obligations of the Agency enforceable in accordance with their terms.
3. The Indenture has been duly approved by the Agency and constitutes a legal, valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.

4. The Indenture establishes a valid lien on and security interest in the Assessment Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, 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 Agency has covenanted in the Indenture and in other instruments relating to the Bonds to comply with each of such requirements, and the Agency 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.

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

Interest on the Bonds may be subject to the corporate alternative minimum tax. We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture 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 accordance with principles of equity or otherwise in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations, opinions, and covenants referenced above. Our engagement with respect to this matter.

Respectfully submitted,

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

\$ _____
SUTTER BUTTE FLOOD CONTROL AGENCY
ASSESSMENT REVENUE REFUNDING BONDS
SERIES 2025

THIS CONTINUING DISCLOSURE CERTIFICATE (the "**Disclosure Certificate**") dated as of _____, 2025, is executed and delivered by the Sutter Butte Flood Control Agency (the "**Agency**") in connection with the issuance by the Agency of its \$ _____ Assessment Revenue Refunding Bonds, Series 2025 (the "**Bonds**"). The Bonds are being issued by the Agency under an Indenture of Trust dated as of _____ 1, 2025 (the "**Indenture**") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"). The Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined herein).

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

"Annual Report" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Annual Report Date" means the date that is nine months after the end of the Agency's fiscal year (currently April 1 based on the Agency's fiscal year end of June 30).

"Dissemination Agent" shall mean, initially Willdan Financial Services and thereafter any Dissemination Agent appointed by the Agency which has filed with the Dissemination Agent a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

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

"Official Statement" means the Official Statement, dated _____, 2025, relating to the Bonds.

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

" Underwriter" shall mean the underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026, with the report for the 2024/25 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency 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 Agency 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 Agency'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 Agency 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 Agency hereunder.

(b) If the Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Agency shall provide (or cause the Dissemination Agent to provide) to the MSRB, in a timely manner as required by the Rule, in an electronic format as prescribed by the MSRB, a notice to such effect.

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

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the Agency, file a report with the Agency 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 Agency's Annual Report shall contain or include by reference the following:

(a) Audited Financial Statements of the Agency 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 Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official

Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; provided, that in each Annual Report or other filing containing the Agency's financial statements, the following statement shall be included in bold type:

The Agency's annual financial statement is provided solely to comply with the securities exchange commission staff's interpretation of rule 15c2-12. No funds or assets of the Agency (other than Assessment Revenues and other funds pledged in the Indenture) are required to be used to pay debt service on the bonds and the Agency is not obligated to advance available funds from the agency treasury to cover any delinquencies. Investors should not rely on the financial condition of the Agency in evaluating whether to buy, hold or sell the Bonds.

(b) The following additional items with respect to the Bonds:

- (1) Principal amount of Bonds and Parity Obligations outstanding.
- (2) Balance in 2025 Reserve Fund (if funded in cash).
- (3) Update of Table 1 - Assessed Valuation by Land Use.
- (4) Update of Table 3 - Assessment Levies and Receipts.
- (5) Update of Table 5 – 5 Year Historical Coverage Table, to reflect 5 most recent fiscal years.

(c) The placement by FEMA, based on effective Flood Insurance Rate Maps, of land within the Assessment District into a flood zone designated as a Special Flood Hazard Area, due to flooding resulting from deficiencies in the levee system identified on said Maps, where such land was determined to have 200-Year Urban Level of Flood Protection by the Agency in its October 8, 2021 *Urban Levee Design Criteria Engineer's Report* (Figure 2), and where the assessments from such area represent more than two percent (2%) of the total assessment levy.

(d) In addition to any of the information expressly required to be provided under this Section, the Agency 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.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Agency is an "obligated person" (as defined by the Rule), which have been filed with the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not to exceed 10 business days after the occurrence of the Listed Event:

- (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 Agency.

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

- (13) The consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Agency, any of which affect security holders, if material (for definition of "financial obligation," see clause (c)).

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Agency, any of which reflect financial difficulties (for definition of “financial obligation,” see clause (c)).

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) above, the Agency determines that knowledge of the occurrence of that Listed Event would be material under applicable Federal securities law, the Agency shall, or shall cause the Dissemination Agent (if not the Agency) 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 subsection (a)(8) 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 Indenture.

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

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

SECTION 7. Termination of Reporting Obligation. The Agency’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 Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 8. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the Agency. The initial Dissemination Agent shall be Willdan Financial Services.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that all of 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 the Agency 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 Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report 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 this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report 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 Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(a).

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency 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 Agency 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 Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. If the Agency fails to comply with any provision of this Disclosure Certificate, the Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency 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 Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent (if other than the Agency), the Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: _____, 2025

SUTTER BUTTE FLOOD CONTROL
AGENCY

By: _____
Executive Director

ACCEPTED AND AGREED:

Willdan Financial Services,
As Dissemination Agent

By _____
Authorized Representative

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sutter Butte Flood Control Agency

Name of Issue: \$_____ Assessment Revenue Refunding Bonds, Series 2025

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the Sutter Butte Flood Control Agency has not provided an Annual Report with respect to the above-named Bonds. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

By: _____
Authorized Officer

APPENDIX F

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

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

Neither the issuer of the Bonds (the "Issuer") nor trustee or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this 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 (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue 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 certificates 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 security 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 shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Issuer or 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, Agent, or Issuer, 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 Issuer or 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 Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

10. Issuer 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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